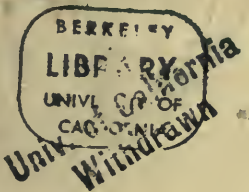

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FACTS, FAILURES, AND FRAUDS:

Revelations,

FINANCIAL, MERCANTILE, CRIMINAL.

BY

D. MORIER EVANS.

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TO THE READER.

This book has been on the anvil of thought two or three years. During that period it has assumed protean shapes; the practical results will be found in the succeeding pages.

Collecting, as is my custom, from time to time, everything of importance bearing upon topics financial and mercantile, it may be readily imagined that I should not allow to escape the extraordinary revelations which have marked the last decade; more particularly the *Facts*, *Failures*, and *Frauds* so prominently portrayed in the progress of commercial life.

The first notion was not to have compressed these, for the most part, painful narratives into a single issue, but to have extended them to a series, the materials at command and in store being sufficiently ample for the purpose. But on reflection, and after a great mass of matter had been preliminarily arranged, my time having meanwhile become more fully absorbed, that determination was altered, and on consultation with my friends, the Brothers Groombridge, it was agreed that one comprehensive volume should be the medium of communication between me and the public.

The work, notwithstanding it has entailed a considerable amount of labour, and no small share of expense, is not put forward as a pretentious or infallible production. To some of the views objections may be taken; and individuals whose conduct may have encountered criticism, will, probably, be tempted to think that they have scarcely merited the condemnation. But as in the majority of instances the verdict

of a Civil, or the sentence of a Criminal, Court has clearly adjudged guilt and awarded punishment, any vindictive prompting cannot be supposed to have dictated the opinions advanced.

One great object, and one alone, induced me to engage in the task of selecting and arranging these remarkable histories, viz., to bring together a complete record of the astounding frauds and forgeries, with other attendant circumstances, which have of late so frequently startled the commercial community from their propriety; and hence, while endeavouring to diversify and render interesting each particular narrative, no chapter or section is presented without corroborative evidence of the internal truth of its contents. The trials, and other legal proceedings, possess a value beyond the mere interest of the moment. Collated and published in this shape, they will be always at hand to establish dates, and other *minutiæ* that may arise, and be available either for the publicist, moralist, or statist, who may desire to consult them at any future period.

The work, in some degree, though presented in a more attractive guise, may be considered as supplemental to the *Commercial Crisis*, 1847-48, and antecedent to the *History of the Crisis*, 1857-58, now prepared, and about to be brought forward. The whole of these volumes will exhibit, in a more complete form than already exists, a vast mass of important and interesting information connected with the course of trade during the last twenty years.

Birchin Lane, Lombard Street,
January 12, 1859.

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CHAPTER I.

"HIGH ART" CRIME—ITS INAUGURATION, DEVELOPMENT, AND RAPID PROGRESS.

The delight experienced by persons of a sensitive humanity at that alteration in the criminal code, by which death was declared too severe a penalty for the crime of forgery, must have been not a little qualified by the increase of dishonesty that has followed the mitigation of the law. While, on the one hand, the dread of that punishment, which, whatever specious argument may be advanced to the contrary, will ever be regarded with the greatest awe by the multitude, has been cancelled from the list of moral obstacles; on the other hand, a variety of circumstances favourable to the most reckless speculation have arisen to remind the world of the old days of the South Sea and the Mississippi speculations, and a generally diffused taste for luxurious living has proved a constant incentive to profuse expenditure. With temptations to crime infinitely multiplied, and with impediments reduced to a minimum, it is no wonder that the last twenty years afford materials for one of the darkest pages in the commercial history of this country—that many have arrived at a "high art" in guilt, while "high arts" of a more innocent kind have been manifestly on the decline.

Without any great violence, all the incentives to commercial crime may be brought under the one common rubric—the desire to make money easily and in a hurry. The apprentice-boy, who robs the till of a few shillings in order that he may enjoy himself on a particular evening; the gigantic forger or

swindler, who absorbs thousands that he may outshine the people who live and breathe around him, are so far in the same predicament that they cannot endure any delay to the gratification of this common passion. Apart from these, but still actuated by the same desire, is the reckless speculator, who would risk everything in the hope of a sudden gain, rather than toil safely and laboriously for a distant reward. The speculator may, of course, be a perfectly honourable man, who would instinctively shrink from any deed that would invoke the interference of the criminal law; but if fortune is adverse, he is on the high road to wrong-doing, and, moreover, there are many crimes not enumerated in the statute-book that are still heavy sins against the dictates of morality.

The bubble period of 1825-6—the oldest within the memory of the present generation—and the money crisis of 1836-7, appear rather as forerunners to the events that have more recently shaken the world, than to be new links in the series. It is with the railway mania of 1845 that the modern form of speculation may be said to begin, and the world has not yet recovered from the excitement caused by the spectacle of sudden fortunes made without trouble, and obscure individuals converted, as if by magic, into *millionaires*. Long will Mr. Hudson be remembered as an instance of the celerity with which a reputation could be won and lost at that eventful and remarkable epoch. In the early days of the mania, his name seemed to possess a talismanic value; the mere fact that it was associated with any scheme being alone sufficient to cause a demand for shares, and a consequent rapid advance in prices. When, on the other hand, the discovery was made that this idol of the money-market had been guilty of the grossest mismanagement, causing a false appearance of prosperity by the presentation of deceptive accounts, then every one was ready to assail the object he had so blindly worshipped. However, notwithstanding the great

show of virtuous indignation that took place when the misdeeds of the celebrated Mr. Hudson were discovered, and he was forced to disgorge part of his ill-gotten wealth, there is no doubt that the generally diffused rage for speculation had considerably lowered the standard of commercial morality, and that many men perpetrated deeds they would have blushed even to contemplate a few years previously. Those individuals who were unfortunate enough to be exposed, must not be supposed nearly to represent the whole amount of special delinquency committed during the speculative era, since numbers of persons equally guilty, escaped public contumely, simply because they had not the misfortune to be found out.

Eminently characteristic of the period is the extraordinarily large scale on which ordinary crimes are planned, and, for the moment, successfully carried out. From time immemorial, clerks have been discovered embezzling the property of their employers; but when, save in the middle of the nineteenth century, could it be supposed a case such as that of Walter Watts would occur, who, not content with trifling peccadilloes, successively opened two theatres with money surreptitiously obtained from the Globe Insurance Company, and managed them in a style of undisputed magnificence in the face of empty treasuries. The career of Watts, and his melancholy end in Newgate—death by his own hand—may, in part, be regarded as a symbol of that taste for luxury, and that recklessness in the choice of means to a desired end, which so singularly distinguish the present age.

Many, however, are the names who stand prominent in the history of what may appropriately be termed "high art" crime. Watts's case was, in some measure, isolated, and partook of the nature of an individual eccentricity; but the failure of Messrs. Strahan, Paul, and Bates, and the punishment with which their dealings were visited, commenced that series of financial and commercial delinquencies, in which persons of supposed elevated character were involved, that all

the received tests of respectability seemed to be of no avail, and people literally could not tell whom they might trust. The extensive delinquencies of J. Windle Cole and his associates, the speculative career and suicide of John Sadleir, the failure of Tipperary Bank, the explosion of the Royal British Bank, and the subsequent liquidation of the London and Eastern Banking Corporation, with the revelations of management, shook public confidence in every direction; and through the latter even the better class of joint-stock banks were regarded with a transient suspicion, through the misdealings of their misguided and dishonest competitors.*

In the deliberate forgeries of Crystal Palace shares, as committed by Robson, seem to have occurred a second, and if possible more elaborate, edition of Watts's case. A clerk, with barely an income to support a respectable station, was seized with a desire to become a gentleman of fashion and fortune—a Mæcenas to whom artists might look up with reverence. Not content with the fame of a dramatist, he assisted managers in their theatrical speculations; his style of living was of a kind that upholsterers still speak of him with admiration for his taste and powers of arrangement. As a strong and severe contrast to Robson, who by his specious frauds forced himself into the character of an elegant man of pleasure, stands Leopold Redpath, the fabricator of Great Northern shares, which provided him the means of assuming the position of the man of heavy respectability. Serious people might reconcile themselves to the fate of the gayer delinquent, and even enlarge on the consequences of worldly dissipation; but Redpath, the model of morality and charity—the adoptor of children and the dispenser of wealth to deserving

* While these pages are passing through the press, the delinquencies connected with the administration of the Liverpool Borough Bank, the Western Bank of Scotland, and the Northumberland and Durham District Bank have been brought to light, and tend to confirm the views expressed in this introductory chapter.

institutions—was a blot discovered where it was least expected, and, as might be anticipated, occasioned proportional surprise.

The Englishman may find a melancholy consolation in the reflection that the complicated tale of imprudence and its results, of crime and its punishment, is not confined to his own country. America has her corresponding infamies in the shape of the Schuyler delinquencies, and the lengthened chain of fraud and dishonesty reaches as far as remote California, with the notorious defaulter Meiggs, and the Antipodes, where the system of false letters of credit has again been brought into vogue.

In this prefatory chapter it is intended merely to indicate the cases of guilt that, in the course of this work, will be attempted to be described in detail. The closeness with which one crime follows upon another, and the similarity of motive that lies at the bottom of them all, will sufficiently show that they do not represent the simple perverseness of individual natures, but are so many indices of a depreciated, and apparently bad, moral atmosphere that has of late pervaded the whole of the commercial world. The fact stands self-evident that the ruling passion is the grand desire to make money expeditiously, for the purpose of gratifying luxurious propensities, or of indulging in an imposing ostentation. The artificial necessity for expenditure comes first, and the beginning of financial crime is the attempt to make an appearance which the legitimate resources of the adventurer in the game of fortune will not justify. Other resources must, therefore, be found, and thus fraud, forgery, and misappropriation are called into existence, with all their frightful and heavy legal responsibilities. Indeed, unless the extravagant and pretentious habits of the age are brought within more restrained limits, the volume now presented to the public, full as it is of the painful records of dishonesty, will be only as a single page in a vast and ever increasing history of the decline and fall of mercantile morality throughout the civilized world.

CHAPTER II.

THE RISE AND FALL OF MR. GEORGE HUDSON, M.P.

The Railway System—Its Early Introduction and Progressive Expansion—State of Business anterior thereto—The Appearance of Mr. Hudson on the Scene, and his Assumption of Power in Railway Circles—Subsequent Disclosures, and his final forced Retirement.

THE superiority of railway transit to other means of communication is now so generally conceded, that no surprise can be felt at the further indefinite demand for its extension. The railways already formed constitute, in history, the record of a clearly-defined period of transition—one of those ever-recurring cycles in which long suspense and needless delay in the application and extension of scientific invention, has been followed by the enthusiastic entertainment of new and novel enterprises, terminating in a wild and general mania. What the character of that mania was, most persons are well able to remember; viz., its early and bright phases which promised full reward to all who engaged in it; and its subsequent sombre reaction, accompanied by disclosures which compromised high names, and caused almost universal depression and distress.

Following the date when the superiority of the railway became to be admitted, the period is arrived at which the most vital conditions of success were neglected, and the circumstance of directors, under the bias of temptations which they found irresistible, were witnessed sacrificing to immediate gain the future interests of their companies. By supplying the public with fictitious data, and stimulating further outlays by a disproportionate return on investments, the resources of the old lines were weakened through the endeavour to evade legislative provisions for limiting profits; boards entered on endless schemes

for the creation of stock when shares were at a premium, though the new enterprises might afford but small returns, and thus diminish the general rate of profit derivable from trunks and existing branches. The result was far more agreeable to individuals to whom means were thus afforded of securing high premiums on new shares than to those who purchased securities unduly enhanced in price as permanent investments, this course of proceeding, in the way of financial management, leading to ruinous disappointment and serious national inconvenience. Though the low price to which shares ultimately fell was generally attributed to the injudicious location of lines, the inadequacy of their traffic, and the exorbitancy of their cost, all these are insufficient to account for that undue depreciation which railway property underwent, and from which it has scarcely yet recovered. For this depreciation reference must be made to the means taken by proprietors to enable them to divide among themselves millions of pounds sterling in the way of premiums, to the creation of nominal capital far exceeding the actual outlay, and to the exhaustive effects resulting from the highest allowable dividends being paid irrespective of legitimate receipts.

Amidst the efforts put forth for the construction of railways in connection with the early lines, and the rise of new and rival companies, which made it expedient for those of an older date to endeavour to secure the advantages they already enjoyed by setting about planning branches in different directions, without any view, however, to a complete consentaneous system, may be distinguished as standing out from these multiform contests which led to irremediable sacrifices, the apparent evidences of a certain dual energy and power, exhibited on a gigantic and hitherto unparalleled scale, between the eastern and western counties of England. The two grand branching routes of southern trunk-lines proceeding northward, after becoming in a manner interlocked in the great central belt, again emerge,

by Preston on the one side and York on the other, to follow but remotely convergent courses, the western line taking the more natural route of traffic to and from Scotland, the other tending shoreways to the most northerly headland this side the Firth of Forth, and thence striking directly for Edinburgh, thus bringing the south-eastern counties of England into connection and separate relation with all the more northerly points with which any extensive communication or direct trade is supported. The energy of the impelling power by which the extension of these links was promoted, is evidenced in the rapidity with which the new works were undertaken and executed. Now that resources have been more fully developed, and the industrial and trading interests of cities, towns, and districts originally affected, have been, in the course of things, adjusted, it would seem to the casual observer that the construction of these lines was the mere realization of sagacious and wise views on the part of those who promoted them, when, in fact, a great majority owe their creation to the most extravagant deceptions and the wildest illusions—to financial speculation rather than to any intelligible appreciation of the practical bearings of railway undertakings. The *modus operandi* by which the "secondary formation" was brought about may be thus explained: The old and rich lines became the trunk or stock of numerous offshoots, guaranteeing, on a certain rate of dividend, the shares on extensions or amalgamations, thus securing for existing proprietors large profit on the issue of shares at par when at a premium in the market. Extensions at an end, or shares at par, no longer realizing a premium, the first proprietors in the original line left their successors to gather what they could from boughs stripped well nigh bare, and these again left their successors exposed to the full consequences of this successive addition to nominal capital, and to increased obligations.

Perhaps it may have proved advantageous in the end to

the general interests of society, that so much was left to be accomplished by financial dexterity, vague speculative anticipations, and legislative enactments, which only confirmed existing illusions, instead of a more intelligent appreciation of the undertakings entered upon on the part of the public, and which would have had the effect, by limiting their numbers, of keeping England far in the rear of her present vantage ground. It is evident that a certain amount of inherent selfishness, the growth of too much isolation both of communities and individuals, had to be overcome before these great channels of intercourse and traffic could be fairly opened, and the business appropriately fell into the hands of those who were chiefly concerned in obtaining an unfair advantage of the almost unrestricted powers conferred by Parliament, and the unguided and undisciplined enthusiasm of the public.

The principal individual who, in that almost Titanic period of warfare, struggle, and accomplishment, eminently distinguished himself in connection with railway extension, was Mr. George Hudson. His ability was exhibited in pioneering new lines through every difficulty, in organizing fresh combinations, and, where the materials were yielding, and unformed, adapting the parts of complex organization to one another, thus affording new vigour to undertakings that would have fallen short of their purpose, consolidating various independent enterprises, that separately might have worked the ruin of their projectors, and rendering available to practical purposes an enthusiasm that would have wasted itself in divided interests.

It was no wonder that the spirit of railway enterprise, kindling, after her first great successes, point after point throughout the kingdom, on touching with her magic wand the city of York, should have found men ready and willing to entertain the project of securing for that locality the advantages resulting from this means of transit. Of this number was

Mr. George Hudson, who at the time was simply a member of the Board of Health, with no other position than that derived from a life of continued assiduity, and who as a linen-draper, had secured a moderate fortune, his family being respectable and well-established in the county, having occupied for at least two centuries an estate at Howsham. Mr. Hudson had reached mature age, but he was to prove himself "the man for the occasion," and was destined to operate, with no inconsiderable influence, both in giving stability to those enterprises about being called into existence, and in making the most of the powers which Parliament, public confidence, enthusiasm, credulity, or any of the thousand and one conflicting motives which came to support the movement. It was felt that the city of York, if true to her own interests, must bestir herself shortly in the matter, and to extend a railway into the West Riding appeared to be the most obvious mode of securing these facilities. Hudson had looked to the history, financial and otherwise, of the railways then in existence, or forming, and was satisfied, from the first conception of of the idea, that a railway running out in that direction, if planned with moderate judgment, economically constructed, and efficiently managed, could not fail to succeed. The complex character of railway management, as compared with any other enterprise, only served as an additional motive with him to entertain the project. He was favourably situated, too, for securing it public attention. In the municipal post to which he had been nominated, he had shown to his fellow-townsmen his capacity to appreciate the general interests of the city, as far as they related to that department, and executive ability in carrying out improvements. Indeed, Mr. Hudson's reputation for public spirit and practical efficiency was slowly but surely rising. His name was already enrolled in the Book of Fate for the highest civic honour that York could bestow. It is possible that even to himself the golden mace

of the mayoralty may have floated distantly in dreams, but he could never have anticipated becoming "the almost irresponsible monarch over a thousand miles of railway," controlling the money-market of the kingdom, dispensing with a word, creating millions of capital by a single fiat, and much less that after receiving the homage of the titled and the great, and being obsequiously listened to as a member of the Legislature—Hebrew and Christian bankers even acknowledging by testimonials his superior potency—it was possible he could be "driven from the face of men," under the ban of public opinion, through revenge for wounded self-esteem on the idol it had so slavishly worshipped.

A public meeting was called by the promoters of the projected railway in 1833, at which Mr. Hudson was a prominent speaker. He dwelt on the advantage to be derived from the line, if carried out and completed, and adverted to the cheaper cost of construction and working which experience and skill rendered possible. This meeting was merely preparatory to others, at which the various features of the undertaking, as suggested, were vigorously canvassed; Mr. Hudson and his associates presently resolving themselves into a provisional committee, and diligently set about procuring all necessary information, and sustaining the requisite surveys. At one of these meetings, held towards the close of the year, Mr. Hudson electrified his too apathetic auditors by subscribing to four or five hundred shares—an act considered the more venturesome, as the very route of the line was, as yet, a matter of conjecture. When a route offering superior advantages to one which had been surveyed was suggested, Mr. Hudson himself set out to explore the neighbouring districts, so wholly had he taken upon himself already the details of the enterprise. Advantage was taken by Mr. Hudson, on this occasion, to ascertain the feelings and learn the means of owners of property along the proposed route, and to conciliate them as far as possible.

He enlightened landowners as to the value to be thus added to their estates by the new means of access afforded their tenants to profitable markets, and with such success, that the opposition to the sale of the required sites rapidly disappeared, and the proprietors who had seen prospectively only the invasion of estates, and the destruction of immense masses of property in the inns and appurtenances of a great highway, became ardent supporters of the undertaking. It must be added that "the appeal persuasive," was not unfrequently the gift of certain shares in the line. Returning to York, he met all the objections that were urged on the score of expense, but there was abundant evidence to show that the public as a body was not yet fully prepared for the change.

From the consultations that had been held, the surveys that had been made, and the estimates that had been framed, the scheme began to assume a more tangible shape, and recourse was had to Mr. George Stephenson, who met the committee by appointment to confer with them as to the route, construction, and completion of the line. The contrast presented between George Stephenson and George Hudson, who now for the first time met together, was striking and impressive. Stephenson, at the head of his profession, engaged in subduing, by the aid of engineering science and the exercise of indomitable energy, all the material conditions involved in the execution of the plans with which he was entrusted; Hudson, sagaciously watchful of all the means by which an enterprise like that on hand might be rendered remunerative; the one, in spirit, manner, and the general tone and flow of his discourse, exhibiting discipline, study, practice, and acquaintance with the difficulties attending operations which others regarded in a financial light; the other, personifying the moving power of every enterprise, by which those plans were vitalized—shares, loans, premiums, dividends. After glancing at the projects which had been, with no little enthusiasm submitted to him,

Stephenson quietly laid the proposed plans aside, and described the lines of railway then in course of completion, or about being constructed, so far as they affected, or were likely to affect, the present enterprise, and advised some further delay until they could arrange a more complete connection than was now possible with lines already in progress.

The committee accordingly deferred the execution of their scheme, and set themselves to study the progress of those out-branching lines to which Stephenson had referred them. The railways commenced in the south of England were seen, week by week, pushing further north. A watch, too, was kept on the neighbouring city of Leeds. Soon activity displayed itself at a point calculated to excite the most zealous emulation. A railway was about being constructed to run eastward from Leeds to Selby, there to meet the Hull and Selby, and thus not only securing for Leeds the traffic lying between it and the mouth of the Humber, but the advantages which Hudson had marked out for his own of a more close connection with the south of England. The serious entertainment of that project was taken as the signal of the Newcastle engineer, and no time was lost in applying for the necessary powers to enable York to connect with the North Midland, and thus to be brought, by means of existing lines, into direct communication with London. Several years had now elapsed from the origin of the scheme, but meanwhile public opinion had been enlightened, and though many were inclined to view the railway as unnecessary, there was a spirit of co-operation abroad which augured well for its success.

In the year 1837 an Act of Incorporation was obtained for the York and North Midland Railway Company. The provisional committee at once resolved themselves into a Board of Directors, and Mr. Hudson was unanimously elected Chairman. Mr. Hudson's antecedent efforts now began visibly to tell upon the enterprise. The land for the route was obtained at the

average cost of £1750 per mile—a sum less by several thousand pounds than the average cost per mile that had been paid by the North Midland, with which the York line was designed to effect a junction. Mr. Hudson's powers of organization were never more happily brought into play than in the ease and rapidity with which all the preliminary arrangements for commencing the work of construction were brought into action. In this, as in other combined operations with which Mr. Hudson was connected, he displayed that activity which could only come from regarding himself as a joint of the great machine; he laboured to fill up his individual part as assiduously as if the motion of every wheel, the effect of every spring, the success of the whole operation, depended upon him alone. The apathy of the people at York, in respect to the enterprise, had been far more difficult to surmount than any obstacle that now presented itself. Nothing, however, could exceed their joyful hilarity and festive mirth when the first sod was turned, and a gang of Irish labourers rushed upon the sward "to take up the shovel." It was a jubilee for every citizen of York of sound mind, unanticipative of the horrors of change. With the same view to economy which had suggested a personal examination of a former proposed route, Mr. Hudson superintended as much as possible the construction of this line, and, as it approached completion, turned his attention to the provision of rolling stock, the working arrangements, and the classification of the business departments.

It was not so early in the history of railway enterprise, but that he and others had seen the tendency of such undertakings to mismanagement, waste, and early annihilation of capital, and he made it his business both to supervise the outlay and protect future resources. Meanwhile, Mr. Hudson had attained to the dignity of Lord Mayor of York. One of the most pleasing duties devolving upon

him in the year of his mayoralty was the inauguration of the York and North Midland Railway. The occasion was a proud and memorable one to those who had brought the enterprise thus far towards completion. In presence of a large assembly, Mr. Hudson dealt with dates, figures, and facts relating to it, and dilated with unaccustomed warmth on the prospective advantages of the work. It was not until 1840 that trains begun to run on the line. At the close of Mr. Hudson's official year, which had thus been rendered so eventful, his fellow-citizens, together with gentlemen and noblemen of the county, presented him with a superb testimonial, expressive of their esteem and regard, not only for the honourable discharge of his civic duties, but for the public services he had rendered in commencing, carrying on, and bringing to a completion the York and North Midland line. At the same time that this line was put in operation, the Hull and Selby was opened throughout, arriving at the point at which the Leeds and Selby might connect with it. These two lines, however, were subsequently acquired by the York and North Midland. Mr. Hudson had no sooner secured the execution of his cherished design of carrying a railroad out from York to the most advantageous point of communication with existing and forming lines, than he applied himself to project undertakings which might conserve this 'vantage ground, part of his plan being to extend the existing line so as to anticipate the movements of other companies.

With the view of commanding a further portion of traffic to be drawn from the north-western districts of the country, he next obtained a grant of money for the survey of a route to Scarborough. Parliament at this time was by no means backward in authorizing the raising of capital far beyond the necessary outlay—through shares or loans—and railway companies had already found that they could derive the greatest gain, and therefore had the greatest interest in endeavouring

to bring neighbouring districts, by means of branches, extensions, or amalgamations, within the range of markets, through funds raised on the credit of their revenues, which beyond a certain amount did not actually belong to them, if the new undertakings would not of themselves prove profitable investments. The desire to secure large sums by the issue of shares at high premiums, prevented any question as to the adequacy of the return, or as to whether the undertaking itself would pay, which was the only criterion which could be safely trusted in the employment of capital. Parliament certainly had no intention to give power to proprietors of railways to raise large sums to divide among themselves; but, under the representations made, it was impossible to prevent a disproportionate amount of disposable capital flowing into new investments. Sir John Rennie, unskilled in those financial movements by which support was assured to an undertaking, whether it returned the money invested in it or not, had failed in establishing a line between York and Scarborough. This much, however, had to be said in favour of such a line: It lay in the direction originally proposed, and, as Leeds was establishing direct communication with Hull, it was not unreasonable for York to desire communication of its own with the western coast. Mr. Hudson saw that, in one form or other, it would be of benefit to the York and North Midland, and personally accompanied the surveyors.

As for the York and North Midland, the wisdom of the choice made as to route, and even of the delay that had occurred, was soon made manifest. Fed by the traffic of lines running southwardly and easterly with which it had been brought at once into communication, a large business was secured, while the reactionary effects of this on the city of York were becoming every day more apparent. The true principles of mercantile science, as applied to railways, had not, however, yet been traced; it was not discovered that in this, as in all other mercantile

speculations, large profits were to be most surely attained by a large trade brought into existence at moderate prices. The attention of proprietors was absorbed, not in fostering the wish to travel, and affording facilities for the constant transport of goods, by establishing a moderate scale of fares, but in taking advantage of every opportunity that presented itself to thwart one another's designs, either by establishing competing lines or raising the fares on one portion of a given route, so as to counteract or check any reduction or alteration of the tariffs on any other portion under the control of a different company. As remarked by a witness before the Railway Acts' Amendment Committee of the House of Commons, in 1844, a period subsequent to that to which reference is now made, "the passenger from London to York did not know at what part of the route his money was distributed. The last fifty miles might cost him more than all he had already passed over." While Mr. Hudson would forego no advantage that could be obtained from the almost unrestricted powers granted by Parliament for the furtherance of railway projects, and was ready to cope at all points with railway companies in the adjustment of the scales of fares, besides looking to the profits to be obtained on the issue of shares on branches, entitling the holders to the same dividend as that received on the trunk-line, although these branches might yield a far less per centage, he was not disposed to lose sight of the advantages accruing from working the York and North Midland at the cheaper cost, which improved experience and skill rendered possible.

The doubtful state of the North Midland line, as compared with that over which Mr. Hudson so efficiently presided, soon became matter of observation. While the traffic on the former was steadily progressing, expenses were increasing in yet greater ratio. It was no easy thing to manage these vast and unwieldy corporate concerns in a day when the consequences to follow on any alteration in the superintendence were

far from being apparent. Mr. Hudson, who was a shareholder in the North Midland, interested himself in the matter, and offered, after a brief examination of the state of its affairs, to put the company on a quite different footing, provided he were invested with sufficient power for the purpose. Mr. Hudson had gained the ear of the great body of shareholders, by declaring that the expenses could be reduced fifty per cent.; and though some opposition was shown to such a reform, and its possibility was by not a few stoutly denied, the malcontents were outvoted, Mr. Hudson was installed in power, and proceeded to make good his promise. He removed needless functionaries, curtailed various emoluments, and vigilantly supervised the whole outlay. He would tolerate neither incompetence nor indifference. In addition to seeing that servants and officers were fairly paid, so as to secure greater efficiency and attention on the part of agents, and renewing all the contracts entered into for supplies, as well as the arrangements in existence with other companies, he succeeded in introducing greater simplicity and unity of plan in its operations—minor points, hitherto too much overlooked, falling into proper system. A character altogether new was given to the management, and zeal and intelligence exhibited itself on the part of subordinates. In the first half-year a saving was found to have been effected in the working expenses alone of nearly twelve thousand pounds, with the certainty of yet further decrease.

Thus far successful, Mr. Hudson proceeded to fortify the position of the York and North Midland, by averting, as far possible, any dangerous rivalry. It had become an object of prime importance to secure the Leeds and Selby line, which would have competed with the York and North Midland for the Leeds and York traffic; and Mr. Hudson, as soon as the opportunity offered, incurred the responsibility of taking a lease of the line. The lease ran for thirty-one years, and was

secured at what was considered an equitable rental. The advantages of this acquisition were so apparent that the York and North Midland Company at once adopted the bargain, releasing Mr. Hudson from his assumed obligation.

Mr. Hudson's capacity for calculation, which enabled him to carry in his head the items constituting the aggregate of the vast sums in which he dealt, added to his desire to have recorded merely the results of his transactions, led him not only to suspend entries until certain successes had been achieved, but really to undervalue the importance of any formal method. When he succeeded to the Chairmanship of the North Midland, he was reported to have scoffed at the systematic manner in which the accounts were kept, and to have disposed of a quantity of stationery—a proceeding which afterwards gave rise to the following satirical remarks in a public journal: "Good accounts are troublesome things to keep, and occasionally cause trouble to the parties of whose affairs they are registers. The true chandler's shop system is to keep no books at all. A cross for a halfpenny, a down stroke for a penny, a little O for a sixpence, and a larger for a shilling, all in chalk, on a board or cupboard door, constitute the accounts of many a money-getting shopkeeper; and, we doubt not, would suit well the purposes of some of the railways. Chalk is easily rubbed out and put in again; ink is a permanent nuisance. One great company is reported, at one time, to have used pencils for their figures, in preference to ink, which, we presume, must have been for the sake of convenience."

To do Mr. Hudson justice, however, it must be stated that vouchers appear to have been kept of all the transactions, and though the entries were not in the order in which they arose, means were afforded, to those who searched the books, of checking the balance of the debit or credit of current accounts, and thus to discover how far the accounts had been

tampered with in order to strike balances corresponding to half-yearly statements. Unquestionably the most rigid accuracy in the entries made to the credit or debit of parties, or heads of account, was essential for the protection of the Company; and no full apology can be entered for his negligence in balancing cash, for irregularities as to dates, names, sums, and heads of account. His word was allowed to guarantee every thing. All was assumed to be properly done that had passed through his hands.

Mr. Hudson having purchased the Leeds and Selsby Railway, the North Midland Company at once ratified the act, releasing Mr. Hudson from his obligations. Mr. Hudson, previously to making his bargain for the Leeds and Selsby Railway, it is alleged, had put some of his friends to the secret of the intended purchase, who instantly bought up the shares. This sudden demand caused the shares to rise in value far above their former level, no one appearing to be able to account for the enhancement. On the purchase of the line being made public, the individuals thus favoured, who happened to be proprietors of the York and North Midland, were enabled to realize a double gain, and thus increase their financial position.

Whether the announced receipts of the York and North Midland were at this date as large as they were affirmed to be may be questioned; but it is certain that the advantages secured to immediate shareholders, from Mr. Hudson's policy, in the way of large bonuses on shares issued to proprietors at par, and of high dividends that were guaranteed on each new extension, irrespective of its actual returns, contributed largely to generate that wild excitement which presently took possession of the public.

In September of 1841, the lease of the Great North of England was made the subject of a conference between himself and the representatives of six railway companies, to whom

he had suggested the importance of the connection. The succeeding October an agreement was come to between these companies, by which the Great North of England Railway was to be leased for ten years, and shares to be divided among them according to the amount they severally guaranteed. On the 18th of June, 1842, the companies were incorporated, under the name of the Newcastle and Darlington, for the purpose of carrying this agreement into effect; they were authorized by the same Act to raise by shares the required amount of capital, and to exercise enlarged borrowing powers. One of the minor companies declining to carry out its agreement of 6 per cent. guarantee, Mr. Hudson had the pleasure of again assuming a heavy obligation on behalf of those companies with which he stood associated. In pressing forward the work to completion, he exhibited the same energy which had distinguished him in relation with the York and North Midland Company. Then the object of his ambition had been to bring York into close communication with London, as well as with the East and West Riding; now it was to advance northward—a direction that had stimulated the ambition and enterprise of all the great companies.

The practice of swelling the nominal amount of stocks beyond actual outlay, continued, on all hands, to be persevered in. In the Great North of England Railway Purchase Bill, the actual outlay and estimate for additional works was £1,496,769, the proposed capital £4,000,000, exceeding the actual outlay and engagements of the Great North of England proprietors by the sum of £2,503,003. At the time of the amalgamation, the Great North of England paid but small dividends. As afterwards stated by Mr. Hudson, before a committee of the House of Commons, it was stipulated by the Newcastle and Darlington that it should receive 10 per cent. on every £50 share till a stated period, when the shareholders had a claim to be paid off in 4 per cent. stock at £250 per

share. From 50 to 100 per cent. was realized by those who luckily were in the secret of this amalgamation, and such was the success attending the operation, that the proprietors' gain was estimated at cent. per cent. The stimulus given to railway investments by returns disproportionately high, by an artificial enlargement of profit above the level of the ordinary returns on capital, enabled proprietors easily to enrich themselves at the expense of their successors.

Under the auspices of Mr. Hudson, an amalgamation was successively effected between the Midland Counties, North Midland, Birmingham, and Derby and Bristol and Birmingham Railways, making a line of 397½ miles, with 126 passenger and goods' stations, terminating at Bristol in junction with the Great Western Railway, 9½ miles from Birmingham, at Rugby, on the same line, 82 miles from London, at Leeds, Nottingham, and Lincoln, and passing through the counties of Warwick, Stafford, Derby, Leicester, Nottingham, York, Lincoln, Worcester, Gloucester, and Somerset. The money this company had been authorized to raise on share capital amounted to £14,664,434, and by loans £2,680,389, so that its powers may be said to have been almost unlimited.

Whilst the Legislature was aiming to enforce more completely those restrictions which might prevent companies from unduly exercising the credit they possessed and maintaining exorbitant charges, Mr. Hudson entered into a magnificent combination, formed by several leading companies, for the purpose of effecting, as was alleged, more economical management, but in reality to maintain excessive exactions in perpetuity. To sustain this scheme, railway meetings were almost simultaneously held at York, Gainsborough, and Lincoln. This combination was described at the time, by a witness before a committee of the House of Commons which was then sitting, as subsisting "between the London and Birmingham, Amalgamated Midland, the York and North Midland, and all

the lines in connection, and that were to be in connection, north of York to Edinburgh," and it was added, that "the lines from York to Scarborough, and from Leeds to Bradford, which had already passed the House were part of it;" also, that "in the ensuing session of Parliament, powers were to be sought to make a line from the North Midland, near Swinton, and the Midland Counties at Nottingham, to meet at Lincoln, and another line from a point north of Swinton, to a point on the Sheffield and Manchester line, called Penmaton Moor, which, with the Sheffield and Manchester line, and Sheffield and Rotherham, would become part and parcel of the same interest.'

In June of 1844, the line from York to Newcastle was opened. By untiring energy, financial skill, and judicious organization, Mr. Hudson, with others, had accomplished a result which had baffled a powerful company, possessed of sufficient powers for raising money for the purpose, but unable to take any further advantage of public enthusiasm. Mr. Hudson was naturally proud of the achievement, and the ovations paid him on the occasion showed how completely to his exertions the opening of the line throughout was attributable. The congratulations were the warmer in consequence of the impression that the line, once completed, was a safe and sure investment. The resources of the Carlisle and Newcastle Railway, constructed at an early period in the history of railway enterprise, were thus effectually drawn upon, and a vast area of country was thus interlinked by rail with the midland and south-eastern districts, as well as secured by the aid of various tributary branches.

In this year, Mr. Hudson was examined before a committee of the House of Commons, appointed, under a motion of the President of the Board of Trade, to consider whether any and what new provisions should be introduced into such railway bills as might come before the House during that or future

sessions for the advantage of the public and the improvement of the railway system. In the most unaffected manner, and with all the apparent zeal of one earnest to aid to the greatest possible extent the investigations of the committee, he developed and even elaborated the specialities of those transactions, by which the railway companies profited at the expense of the public; how they escaped Parliamentary restrictions and furnished themselves with the means for extravagant speculation; how, by the pledging of the revenues of their lines for extensions and purchases, sums of enormous magnitude were immediately put into the pockets of shareholders; in fact, Mr. Hudson showed to the committee at whose risk all this work was being done, and left them to draw the inference how little it was in their power to interfere with the course that things had taken. And when the Government of the day conceived itself called upon to guard, by fresh restrictions, the exercise of the power possessed by railway proprietors, and Mr. Gladstone had propounded a measure by which the excess of profits above 10 per cent. should belong to the public, and be made available to the improvement of the lines or the reduction of fares, and various regulations were laid down of a character to intimate how completely the railway interest was regarded by Government in the light of a monopoly, those immediately interested undertook to resent this interference, and various meetings were held in different parts of the kingdom, at which the course adopted received the most unqualified censure.

At one of these meetings, Mr. Hudson presided. He denounced the bill as injurious to railroad property, prejudicial to public welfare, and conflicting with the liberty of enterprise. Not content with this, he penned a letter to Mr. Gladstone, who had charge of the bill, pointing out its demerits, declaring, at the same time, its utter inadequacy to secure the object in view. The gradual ramifications of this movement, extending

to every town and district in England, were attended with proportionate power, such as naturally arose from large expenditure, wide patronage, and enormous investment of capital, so that this influence was fast obtaining an ascendancy even in the Legislature. Although there was a widespread impression that the public were not benefited as they ought to have been, by the increasing traffic, in the reduction of charges and the provision of greater conveniences and facilities, Mr. Gladstone's measure, in a modified form, was passed with difficulty. This Act gave Parliament the right to revise the tolls; but this right was not to come into operation till after the lapse of twenty years, and then it could only be exercised on permanently guaranteeing to the shareholders the enormous dividend of 10 per cent.

Mr. Hudson knew well how to make steady, gradual, and permanent encroachments, so as to compel others to concede to him the absolute influence necessary for that free individual action on which he felt the very existence of the organizations he brought about, and the success of the negotiations into which he entered, depended. He further knew how to make "capital" out of the feelings of reverence and admiration he excited. Having entered into some arrangements for the Midland Company which he had not vouchsafed to disclose to the Board of Directors, these gentlemen, after having vainly attempted to worm out the coveted secret, screwed up their courage one day to demand it. They accordingly met much earlier than usual, and when their superior arrived, they were all exceedingly quiet. "How, now, gentlemen," said Mr. Hudson, "has anything happened?" "Only," replied one, "that we being equally responsible with yourself for what is done, are desirous of knowing the nature of your future plans." "You are, are you?" rejoined the railway monarch, "then you will not!" And the business of the board proceeded.

Mr. Hudson was next found engaging in a transaction

highly illustrative of his character and his policy. In negotiating for the Newcastle and Darlington line, he had outwitted the Dean and Chapter of Durham, showing the vanity of the idea that the "Church and State" could interpose to stay these great industrial undertakings. He now again visited that ancient archiepiscopal see, in company with George Stephenson, for the purpose of outwitting the shareholders of the Durham junction, by buying up the railway between them. Great was the astonishment of the public when they came to learn the particulars of the affair. A railway put into the breeches pocket of an engineer and director! The proprietary did not so slowly recover from their surprise. Mr. Hudson by this purchase, which he handed over to the company, had gained a further step on the new highway to the north, a further security for carrying out unchecked all his plans, and sustaining without impediment the whole fabric of his power.

In glancing on a railway map of England, the eye is at once arrested by the bold line of railway projected from Newcastle to Berwick, and which, unsupported on its way by any other branch than that from North Shields to Morpeth, follows the eastern coast, giving a northerly connection to the midland and south-eastern lines of railway to a point a few miles eastward of Edinburgh. When this line was projected, Mr. Hudson at once realized its importance, and subscribed, on his own responsibility, for 2000 shares at £25 each. These shares almost immediately rose to £30 premium; but he handed them all over to the York and North Midland. Self-sacrificing as this act may appear, it is sufficiently set off by an acquisition made by him when elected Chairman of the Newcastle and Berwick line.

On the Newcastle and Berwick Railway Company amalgamating with the Newcastle and North Shields Railway Company, Mr. Hudson increased the authorized issue of transfer-

able shares on subscription capital of a million and a-half pounds, from 42,000 to 56,000. As he deferred making any record of this additional issue in the register, the act escaped the notice of shareholders until a committee of investigation, years after, had called attention to it. The number of shares appropriated by Mr. Hudson was 9956½, and the profits realized on the several operations attending their sale, must have amounted to £145,704, if the sales were realized at market prices. A transaction of almost similar character took place in connection with York and Newcastle Extension shares—an issue made by Mr. Hudson and his brother directors in advance of Parliamentary authority, and out of which Mr. Hudson appropriated to himself 590 shares. The aggregate premium on these amounted to £4000. Although Mr. Hudson paid neither deposit nor calls on 200 of these shares, the parties to whom he gave or sold them received dividends out of the funds of the company as regularly as if the calls had been duly met; and whilst Mr. Hudson was indulging in this distribution—possibly in favour of what he conceived to be the interest of the company, but, as alleged by a subsequent committee of investigation, for his own benefit—9682 unappropriated shares were held by the company, which might have yielded a profit of £100,000, but no sales of these were effected.

The low price of iron in the winter of 1844 had induced Mr. Hudson, in anticipation of the extraordinary demand which he foresaw would arise from the demand for new, and the extension of old, lines, to urge on his colleagues of the York, Newcastle, and Berwick Company the immediate purchase of 10,000 tons to supply their anticipated wants. Fearful of incurring the responsibility, they declined to authorize the purchase, and Mr. Hudson entered into a contract on his own account for the 10,000 tons. Results confirmed his anticipations. In 1845, iron had risen cent. per

cent., owing to the demand for new, and the extension of old lines. In the ensuing January, when iron had risen so enormously, the company were compelled to advertise for 20,000 tons; and a contract was concluded with the same parties with which Mr. Hudson had made his bargain. Mr. Hudson furnished, out of his own contract supply, 7000 of the 20,000 tons required, realizing a large profit, which he was however subsequently called on to refund.

It was calculated that the total revenue of railways in some twenty or thirty years would amount to a large proportion of the interest on the national debt, or £28,000,000. A host of schemes, mature and immature, practicable and impracticable, profitable and profitless, came before Parliament. Capital was attracted from all other channels of enterprise. The number of miles for which Railway Acts were passed in the first session of the Legislature during the reign of this new-born enthusiasm were 2841. Mr. Hudson was then resorted to by various companies to give value to their shares by appending his name as chairman, or affording the benefit of his sage counsel. He boasted afterwards that he had joined no company whose projects were not meant to be carried out, which was no slight merit when the number of abortive and visionary schemes of the time are called to remembrance. Whether the lines he paternally adopted were open for traffic, in course of being constructed, or merely projected, his name gave confidence to holders of shares, and thus carried prices to a high premium, at which they found ready and eager purchasers. Whatever the company, a rise in the value of shares was observed unfailingly to follow George Hudson's accession, as though he was in possession of some secret talisman. If railways were already embarrassed and discouraged by every legitimate interest, this fact only served to add fuel to the flame. Hudson's credit was so great, that his mere word appeared to supply the place of actual resources. He well knew

what he was worth in this respect; and with a close eye and a practised hand, he weighed the ever available fund represented by his reputation, against all it would bear of unchecked responsibility, license, and latitude.

Among the companies who sought and obtained the benefit of Mr. Hudson's financial skill and practical knowledge, as applied to railway management, was the Eastern Counties. To be chairman of a company whose line extended 217½ miles, and was in junction with the Eastern Union, the Norfolk, and several other important and influential railways, which commanded more goods' traffic, in proportion to passenger traffic, than any other of the metropolitan lines, and, though at the time in unprosperous circumstances, anticipated an enormous traffic in coals, to be received by the Blackwall line, and disposed of in the counties of Essex, Herts, and the eastern suburbs of the metropolis, was an offer particularly imposing to Hudson, who might have fairly anticipated that his name would keep the shares buoyant till such time as the development of available resources had realized present anticipations, or further amalgamation of lines, had afforded the means of securing the greatest amount of traffic.

In accepting the chairmanship, Mr. Hudson committed himself, in the way of active management, to an Herculean task, and placed himself amidst directors who had fairly exhausted their imaginations in devising schemes by which the company might maintain itself. Some idea may be formed of the gigantic powers with which it was invested, from the fact that it had been authorized to raise by shares nearly nine million pounds sterling, and by loans and mortgages nearly three million pounds sterling, at the time that Mr. Hudson joined it. A large proportion of its shares, however, had been issued at a heavy discount, and loans, authorized by various Acts, had been converted into capital. The directors thought to themselves, how different the situation of the Eastern

Counties would have been, had Mr. Hudson only been called to the helm some years before. As it was, they hailed with rapture his accession to power, and, in dependence on his energy, sagacity, foresight, and business tact, were as hopeful as men could be of the results. But the bargain was not yet completed. Mr. Hudson had stipulated for more than they had anticipated. In this difficult navigation he had not miscalculated the breadth of the channel, and desired, at least, that the way should be clear of all artificial obstacles.

Hudson's first act, on assuming the office of Chairman of the Eastern Counties, was to take upon himself the control of the financial department. At one of the earliest meetings of the directors, he stipulated further that Mr. Waddington should supersede Mr. Crosbie, of Liverpool, as deputy-chairman. Mr. Crosbie had long exerted himself, both personally and in his official position, to forward the interests of the company, and the demand occasioned some murmuring at the board. The members, however, were quite willing to make any sacrifice at the dictation of Mr. Hudson, and had not Mr. Crosbie himself opposed this summary ejection, the motion, in all likelihood, would have passed without much comment. On Mr. Crosbie refusing to relinquish the office to which he had been elected, Mr. Hudson jumped up before the fire, saying, in a composed tone, "Very well, I am brought in by the universal voice of the shareholders; and if I can't have my own deputy-chairman, I shall return home, and leave the company." The other members of the board, seeing the storm that was brewing, interfered, and besought the belligerents to go into another room, and try if they could not come to an arrangement. They did so, and, in a few minutes after, they all returned smiling. Mr. Hudson, as the story goes, placed Mr. Waddington in the post he had assigned to him, and Mr. Crosbie afterwards scarcely ever troubled the board with his presence.

When Mr. Hudson had been but a few months in possession, and before the half-yearly accounts were made up, he directed that nine shillings per share should be declared at the next half-yearly meeting of shareholders. This was accordingly done, and shareholders were left to congratulate one another on such a brace of excellent directors as Mr. Hudson and his deputy-chairman. Alterations of accounts once commenced were continued. The course with reference to published statements as to revenue was for the accounts, after being made up from the books, to be given to Mr. Hudson, who instructed Mr. Waddington to intimate that certain items should be altered. Mr. Waddington, in handing back the figures, and giving the directions to the traffic manager, would say, "Now mind, Mr. Mosely, I shall be no party to the cooking of these accounts." Mr. Waddington by his very words condemned himself. Both he and Mr. Hudson would seem to have drawn a distinction between corporate and individual responsibility; acts which they would have scorned even to countenance in their own private spheres of business, they unhesitatingly committed when within the charmed circle of a large and powerful organization, for the purpose of furthering general and individual interests. Mr. Hudson stated, at a subsequent time, that he felt the company was justified in putting a certain amount to capital, and leaving it to be discharged on future years of success. The transactions in question were regarded as mere transfers of debt from one period to another, determined by his own judgment, acting in reference to present requirements and future anticipations, and, probably, as involving very little, if any, culpability.

The dividend announced to shareholders at the last half-yearly meeting of the Eastern Counties had been but three shillings a share. Now great things were expected from Mr. Hudson. His name was supposed to act as a talisman on whatever he came near; but apply it as he would, it stood to

reason that it could not immediately augment the traffic receipts. He might enter into advantageous arrangements for the future, but to act at once and independently on the resources of the route was out of his power. Mr. Hudson, however, did not choose to stand on the reason of the thing. He was concerned for the shareholders, and thought it a kindness on his own part to put them at their ease. He might thus hope, also, to gain their further confidence, with a view to being allowed that arbitrary and free action, and absence of all control, which were essential to the full play of his faculties, and the ultimate development of his plans.

At a special meeting of directors and shareholders, Mr. Hudson informed them that he was now sufficiently acquainted with the position of the company to feel confident in assuring them that there was no line in the kingdom which would yield a better dividend than the Eastern Counties; that it would be one of the best means of investment identified with the railway system of this country. The favourable opinion of Mr. Hudson was a sufficient pledge of promise to the enraptured shareholders. The usual decorum of a business meeting was set aside, and the prophet of the iron-road system was greeted with demonstrations described by a contemporary to be "not unlike the ovation tendered by the friends of some successful candidate for Parliamentary honours." Indeed, the proceedings were of the most tumultuous character, and the railway Napoleon, as he was then popularly called, received the plaudits of his flatterers with the most regal dignity. So complete was the reliance on Mr. Hudson's management, that no astonishment was exhibited when, shortly after, three times the usual amount of dividend came to be declared.

The loose way in which the books were kept would appear to have led the clerks of the company into a state of unenviable bewilderment. Where no rigid economy was required as respected a fluctuating balance; where entries

were made to the credit or debit of heads of account, as the case might be, for securing nominal aggregate sums to bear out half-yearly statements; where the premiums realized on certain shares were carried to income, and the ascertained loss on other shares was carried to works; where passenger and merchandise account were continually overstated, and entries were not made in the order in which they arose—it could scarcely be otherwise than that sums actually due to the company were undesignedly overlooked, more especially as "construction" and "sundries" accounts were made the chief depositaries of fictitious entries. Thus £11,450 slipped at one time through the prepared sieve in the way of over-payments—a most natural result of crediting and debiting false amounts. Not to speak of other instances, the Selby and Bridlington lines, undertaken by the York and North Midland, at Mr. Hudson's suggestion, and indeed under his decree, occasioned an annual loss of £17,000. This loss was unquestionably incurred not merely in eagerness to distance rivals and to exclude the public from low fares, but to throw upon the market, during the palmy days of railway speculation, a number of shares which, under the large guarantee afforded, though no profits were ever to be realized, brought high premiums. Even in amalgamations high dividends were guaranteed where little or no profit had ever been secured, thus enabling parties to buy up beforehand discredited securities, which they sold in a month or two, sometimes at a profit of cent. per cent., or even greater, and fortunate were those individuals who were considered to range behind the scenes, and who, anticipating the announcement of lease or new arrangement, operated in advance of their neighbours.

Three years from the time Mr. Hudson assumed the reins of power on the Eastern Counties line, as much as £294,000 had been unduly charged, during his *régime*, to capital account. Shareholders, unaware of the obligations they were incurring—

obligations that, through one transaction and another, presently reached half a million pounds sterling—were lulled, by the transfer of figures, into a delightful slumber. The prosperous condition of the 10 per cent. dividend line was a universal subject of remark. But how stood matters? Out of £545,714 distributed in dividends, from the 4th of January, 1845, to the 4th of July, 1848, £320,572 was procured by the alteration of traffic accounts and improper charges to capital. Consequently, out of £545,714 actually divided, only £225,141 was the amount that in reality had been earned.

On the creation of 50,000 new shares by the York, Newcastle, and Berwick Company, for the East and West Riding the directors of the company appear to have regarded it as entirely optional with themselves, and without strict reference to the interest of the shareholders, how these were distributed. Accordingly a number were appropriated to themselves, and several thousands fell to the lot of Mr. Hudson, who, on these occasions, always of course came in for the lion's share. The premium received by him on 2300 of these was £16,000, an amount which he subsequently placed to the company's credit; 975 were disposed of to secure the interest of individuals, and the remaining 1100 were appropriated to himself.

The exhibition of anything like high moral sentiment in one with whose name is associated—rightly or wrongly—so much of deception and illusion, carried on, however, for the most part, with the apparent desire to benefit the companies with which he was connected, cannot fail to interest even in retrospect. To many persons, indeed, who regard a benevolent appreciation of worth as lifting a man nearly to the summit of every excellence, and as well nigh atoning for every error, George Hudson must be viewed in a highly enviable light. The occasion was the death of Stephenson—

"The foremost man of all this world,"

in laying the foundations of the railway system. A few days

after that event, Mr. Hudson, addressing the shareholders of the Eastern Counties Railway, said:—

"But for my anxiety to meet you to-day, gentlemen, it would have been my mournful duty to pay the tribute due to departed worth, in following to the tomb the remains of my respected friend, Mr. George Stephenson; a man whose genius has benefited, not the rich only, but the poor also, in opening up the means of obtaining cheap fuel and locomotive facilities; a man who deserves—if any one may—the title of being a benefactor of his species. The departure of such a man is to be deplored as a national calamity; and railway shareholders have a special cause of regret, for if it had pleased God to spare him, as we might have hoped, no one could have been more pleased than himself to see them receive a due return for the investment of their capital in those great undertakings which his genius and enterprise did so much to call into existence."

And at a meeting of the Midland Railway, held the 19th of August, 1848, Mr. Hudson remarked:—

"This was almost the first meeting of their proprietors at which they had not had the presence of him whom history would record as a great and distinguished man, and who had so lately been called to the tomb of his fathers. They had almost always had his friend Mr. Stephenson present to witness their proceedings, and to testify to the interest he felt in their undertaking. But it had pleased God to deprive them of him at a time when his friends looked forward to have the pleasure of his society for many years. They must all feel that it was a great alleviation to the affliction of his sorrowing friends, that he had left behind him a memory that princes might be proud of, and that the most distinguished man living would be proud to exchange his fame for that which would surround the name of George Stephenson. He had left behind him the character of an honest man; of a

sincere and warmly-attached friend; of an affectionate husband and kind father. He could not close the present meeting without expressing the deep sympathy which he was sure they must all feel with the friends of the deceased for the bereavement they were suffering, and their sense of the high estimation in which his character and works would live in after ages in the memory of his countrymen. He trusted they would all emulate the character which his friend had bequeathed to those who were following him."

The ease with which Mr. Hudson harmonized the topics of his theme, and the energy and conscious power with which, in simple and unstudied diction, he gave forth his utterances, and which had their response in the fluctuating emotions of a great and agitated assembly, were finely illustrated on this occasion, on which he so well acquitted himself of the important task of testifying to the virtues of one who occupied a sphere only superior to his own.

Mr. Hudson's acquisition of the Brandling Junction, on behalf of the Newcastle and Darlington Railway, was rewarded by the directors with the dotation of an unappropriated surplus of 2000 shares, remaining out of the 22,000 shares which had been issued on the transaction. Those shares, at the ruling market price, would have enabled Mr. Hudson to realize upon them £37,000; whilst the shares received by him as his proportion in the general distribution, would bring up this amount to £42,000. No man had less reason to complain than Mr. Hudson of not having his services most fully appreciated. Although these rewards incurred subsequently the severest censures of committees of investigation, and Mr. Hudson was called upon to refund large sums of money on account of them, no misgiving at the time came to lessen the enthusiasm of the givers or the gratification of the receiver.

Future shareholders had not much cause to rejoice in such

acquisitions as were made, notwithstanding the specious argument that it was the same thing to pay large dividends on small capitals, or small dividends on large capitals. If the rate of dividend was to determine whether the scale of fares should be subjected to revision by the Government on behalf of the public, it was of the very first consequence that capitals should correspond with the original outlay. It was the same thing only to permanent proprietors whether they obtained large bonuses, and increased their capitals by sums exceeding the money laid out on the roads by the amount of such bonuses, and received proportionably smaller dividends.*

There would appear to exist undoubted evidence that in the York and North Midland accounts, even previous to 1845, large sums were improperly charged to capital; so that many persons conclude that in the earliest stages of the enterprise with which George Hudson was connected, the value of shares and the amount of dividends allotted were not estimated according to actual receipts. Under the representations that were made, the acquisitions of permanent holders of shares, from the date of the construction of that line to 1846, amounted to five times the original outlay. Whilst the shares that had been issued merely reached the sum of £1,500,000, the premiums on this amounted to no less than £7,500,000. No wonder this amount was regarded as a marvellous trophy to the financial genius of Mr. Hudson! No wonder that he was sought after, courted, admired, and adored! The premiums so received were the considerations paid for successive transfers of the excess of revenue of the York and North Midland, beyond the dividend applied to the new

* Curiously enough at the time of these transactions every one was seeking to benefit by his advice, and in the great rage for share dealing it is believed he assisted many of his friends to recruit their resources through his information. When, however, he was displaced from power several of these were the first to stigmatize his conduct. *Sic transit gloria mundi.*

lines; this revenue being diminished exactly in the ratio in which the revenue of the new lines fell short of the guaranteed dividends which were to be derived from them.

The growing importance of the railway interest; the extent to which the Legislature had gone in interfering with, under the attempt to regulate, it; the uncertainty that existed as to the future bearings of this power on subsisting industrial interests—rendered it necessary that it should have its own especial representatives within the House of Commons. Mr. Hudson was elected by the people of Sunderland, who had in view the advantages conferred on that town by the line of rail which now binds them with the South, as well as with the Midland and Eastern districts of England, and with which Mr. Hudson was indentified, as well as the future benefits they expected to derive from his management. On entering the house, Mr. Hudson at once sided with the then ministerialists. The chief of the railway system was regarded as a valuable acquisition by Sir Robert Peel and his party. When Mr. Hudson spoke, he spoke briefly, and always to the point, dealing chiefly in facts and affirmations, a course which secured him attention.

On the 23rd of February, 1846, the chairman of the Great Western charged Mr. Hudson, in the House of Commons, with having encouraged competition. The ground was being cut away from under the feet of the directors of this company by independent branches that were being constructed in various directions and sapping their resources, and by new and rival companies created for the sole purpose of being bought off, and he predicted most disastrous results if some steps were not at once adopted to put a curb on reckless speculation. Mr. Hudson maintained that the course recommended would be an unfair interference with private enterprise, and his view was taken by the House. At the same time Mr. Hudson will be found to have conducted his operations

in the interest of the companies with which he was connected, in a strictly defensive spirit, and to have brought all his influence to bear in preventing bills, conceived to be prejudical in any form to their interest, from passing through committee, or, if thus far successful, going beyond standing orders.

There was no man in Great Britain a more strenuous advocate than Mr. Hudson for continued extensions, branches, purchases of rivals, and amalgamations with reference to the lines with which he was connected. So long as the delusion held that a sort of Parliamentary guarantee accompanied the security tendered by these lines as to the rate of dividend on the new additions, so long would the public rush eagerly in as purchasers. Mr. Hudson undertook to make good his promises to those who came up at his call, though this could only be done at the expense of their successors, unless railway property itself improved at a ratio which not only actual receipts, but the activity exhibited in the projection of rival lines, and of extensions in all directions, dividing and subdividing the course of mutual resources, effectually prevented. Mr. Hudson determined to push his schemes irrespective of any which might receive Parliamentary sanction the succeeding session. If crossing his path, he would hunt them down, or proceed to make arrangements with them, by buying them up, leasing, or amalgamating them.

In addition to those on hand, he had a batch of schemes himself to bring before Parliament, to take their chance with the rest. It was in reference to some of these as well as others on hand, that he assured the Midland shareholders (on the 19th of January, 1846) that he would not recommend the abandonment of any of them; that he hoped that Parliament would sanction, if not all, at least the greater portion of them; and that, ere long, the dividend of the Midland Company would be a 10 per cent. one. He said: "They must look at this property of £8,000,000 or £9,000,000 as they would look

at a sound commercial enterprise, and not be deterred from protecting and increasing that property by any reasonable risk that it might be necessary to encounter." The applause which followed encouraged Mr. Hudson—who was accustomed to sound the feelings of his audience as he went along—to add: "We are not deterred from our purpose by what has occurred in connection with new schemes (those abortive and visionary schemes undertaken with the neglect of some of the most vital conditions of success, and the *débris* of which lay scattered in every direction). We felt that your property possessed far greater stability; and it was to continue and increase that stability, that we projected these lines, believing them to be beneficial to the community, and productive as well as protective to yourselves."

There are men who refuse to profit by "the wisdom of the wise;" who actually refuse to be worked up to a fit of enthusiasm by any ideal appeal or abstract financial achievement; who, accordingly, persist in taking account of "terminable periods" and "last results." On this occasion a proprietor had the audacity to say that he thought the company had better finish the lines in hand before they undertook such extensive schemes as those dilated upon. The observation was received with uproarious laughter. What else could he expect? What right, indeed, had he to think? Will it be believed that the said proprietor, not content with so ridiculous a remark, culminated his folly by saying, "Should the company get involved in £4,000,000 of debt, it would be a very serious matter." Renewed laughter ensued, to the utter discomfiture of the doubting proprietor. The Midland shareholders acted up to their impressions. The Leeds and Bradford was actually taken by them on lease at 10 per cent. in perpetuity, and Mr. Hudson, from whose address in January quotations have already been made, thus addressed them in July:—

"Gentlemen, I repeat that I shall be most happy to be

lessee under you; to give any security you like; and to take all the risk if I am to get all the profit. I cannot say more to prove to you how highly I think of the line."

Mr. Hudson's sympathetic powers were remarkably strong. He was accustomed to infuse his own confidence into others. On this occasion he went through the usual pantomime of assuming to change places with the body of shareholders. He delighted, not only to take upon himself the responsibility of a scheme—in advance of its ratification on the part of the shareholders—but to come after, in the very heigh-day of their enthusiasm and delight, and tempt them pleasingly to make back to him the bargain over which, on his assurance, he knew them to be all chuckling.

To the York and North Midland shareholders, Mr. Hudson assumed the form of one of those benignant deities who at their mere will shower down on humble mortals undeserved blessings. At every new issue on branches, extensions, or amalgamations, they were enriched, notwithstanding the larger measure of the obligations thus incurred. The sums divided among them, to be paid out of future earnings, were definitively stated at £83,792. As far as apparent beneficial results went, they could desire no division of the control exercised by Mr. Hudson. At the same time, the shareholders in general relied on the accuracy of the published accounts; whilst the directors, participating in abuses which prevailed, carefully aided in preventing all disclosures which might affect the marketable value of the property. When a committee of investigation was ultimately appointed, they threw every obstacle in the way of a fair and full examination; and this was pointedly complained of.

The plenary indulgence conceded to Mr. Hudson, by which his will was made law, all complaints of those who naturally esteemed themselves not fairly dealt with in various transactions being silenced at his mere beck, cannot be better

illustrated than in an anecdote of Mr. Hudson in his palmy days, related of him at the board meeting of a certain line. The honourable gentleman had allotted to himself 600 shares, and another member of the board 200. These shares having risen to £5 premium, the latter gentleman thought he ought to have a larger number, and accordingly intimated his opinion to Mr. Hudson. "I have been accustomed, Mr. ———," replied the railway monarch, "to have gentlemen with whom I am associated satisfied with my arrangements; and if you are not, I'll retire, and leave the affairs in your custody, which I dare say you'll manage better than I do, as I have so much other business on my hands." "Oh, certainly not; by no means, Mr. Hudson," bowingly responded the crest-fallen director; "I am sure all you do is right, and I am quite satisfied with your arrangement." It is needless to say no further complaint was made by any of Mr. Hudson's colleagues at that board.

In apportioning out shares on unproductive lines, which he presently designed drawing into his general system, on the guarantee of a high dividend, Mr. Hudson was the means of conferring on his friends and supporters an almost incredible amount of wealth. Every opportunity was taken to advise them early of those amalgamations which were to raise the maximum profit far beyond the point necessary to induce them to lay out their capital on the prospective undertaking. However unmarketable the shares, they were at once bought up. In the height of the mania of 1846, a gentleman who had lost a large fortune in fruitless speculation in railway stock, and who had but £2000 remaining, bethought himself as a last resort of seeking the advice of Mr. Hudson, who had casually told him years before that he would be happy to serve him whenever the opportunity presented itself. Mr. Hudson was as good as his word, and, as the best proof of his friendship,

instructed him to invest even the last penny he had in the world in certain unmarketable shares which he indicated. Behold the power of implicit faith! An amalgamation of the line with Hudson's own was in prospect, and the investment that Hudson had directed proved highly profitable and remunerative. With respect to proprietors under the iron rule of Mr. Hudson ever knowing the true state of affairs, he appears to have adopted on their behalf the apt sentiment—

"Where ignorance is bliss, 'tis folly to be wise."

And doubtless designed that they should have the full benefit of this amount of human wisdom. But mere over-payments were far from including all the particulars of deficit thus unintentionally occasioned. Errors extended into the working arrangements entered into with various companies. In an arrangement for the advantage of the Midland line, the company for some time carried passengers into Leeds at an actual loss, and in its connection with the Lancashire and Yorkshire it received £5000 per annum less than it was fairly entitled to. In a transaction with the Newcastle and Darlington Company, that company was charged £2203 too much, and the York and North Midland Company £2203 too little.

It was, of course, immaterial how irregular entries were covered. The accounts to which it was most convenient to carry the required debits, to make good deficiencies upon the distribution or announcement of unearned dividends, were those of construction and sundries. In one instance, when it was thought desirable to represent the passenger and merchandise traffic at £4000 beyond real earnings, stations were debited with £8000. Everything went to show that these doubtful entries were not prompted by unanticipated emergencies, but were resorted to as a permanent means of relieving present shareholders from the onus of the obligations they had

incurred, and gratifying them to the extent of their desires, irrespective of actual success, or the ratio of progressive increase in actual profits. At the half-yearly meeting of the York and North Midland Company in August 1847, when 10 per cent. dividend was declared, Mr. Hudson observed that it was not for him to estimate the precise effects which the opening of the extensions, then about to come into operation, would have on the parent undertaking; but if the traffic realized the expectations of directors, he hoped they might be able to declare the same amount of dividend as they had the pleasure of submitting to them that day. At the same time, he would not disguise from them the possibility of a diminution of dividend for the next half-year.

The powerful influence exerted by the bestowal of shares on those who could further or impede his projects of amalgamation or extension, was never overlooked by Mr. Hudson. A consideration could thus be unobtrusively forced on one who would have refused openly to receive money for his services. Besides these shares, voted to themselves by directors, or appropriated at par, cost nothing; the burden of paying a dividend upon them was likely to fall on the successors of the existing shareholders. It is evident that secresy was an essential element of success in these distributions. No trace was suffered to exist of the way in which shares had thus been bestowed, and consequently the books of the company afforded no record of allotment. This was the case with 1170 Hull and Selby shares voted to Mr. Hudson by his co-directors of the Berwick and Newcastle Railway Company, some of which Mr. Hudson, doubtless, appropriated to himself whilst others found acceptors in the manner already indicated. So with the 2000 shares of the Brandling Junction Railway, voted to Mr. Hudson by the same directors, at a time when they were at £21 premium, being equivalent to a bonus of £42,000. The same may be safely affirmed of transactions in

connection with the Midland, and York and North Midland Railways.*

But now the full effect of new lines, branches, and extensions became to be perceived. Towards the close of 1847, meeting after meeting was held at Manchester and other large towns, at which the constantly recurring railway calls, and the heavy pressure they occasioned, were the special subjects of consideration; and demands for the postponement of different works in progress were urgently enforced. But works in progress could not be abandoned without a heavy loss, as the productiveness of a railway depended on its completion. Calls on lines advancing towards completion could not be refused, however inconvenient this might be, as all previous payments would, in these cases, have been uselessly employed. These representations had the most disastrous effects on commerce. No ordinary industrial undertaking could bear up against the enormous stringency which the monthly increasing absorption for these purposes occasioned; and in this, as in all other misapplications of capital, the loss and suffering eventually fell upon the industrial classes. The last twelvemonths had witnessed an enormous reduction in the value of railway property. The amount of depreciation on the shares of ten leading companies, as compared with the estimate of 1845, without including current calls, was calculated at upwards of £78,000,000. The unfulfilled obligations and further contingent liabilities of this description of property had progressively, but inconveniently, become more apparent, and the public as well as proprietors began to reflect on the causes and future prospects of this peculiar state of things. Two hundred millions of money had been

* It has been asserted that parliamentary services were secured in some instances by a free distribution of shares, but although Mr. Hudson was during the investigations severely pressed on his point, he never could be induced to divulge the real facts.

subscribed, paid up, or borrowed, not to speak of the additional cost to existing shareholders. Fifty millions, at least, had been lost in the actual expenditure on the works, and there had been, according to ordinary estimates, a clear sacrifice to proprietors of one hundred millions.

The progress of the reaction being fully apparent, expenses were reduced, but obligations were increasing, and traffic would not bear up the burden which Mr. Hudson, by his dividends, nominally imposed on it. Where much confidence had been given, large dividends were required. To withhold these after he had once arbitrarily and suddenly augmented them, was next to impossible. He felt himself compelled to go on in the course he had adopted, looking to the future to make good the adverse balances against the company thus created. From January of 1845 there was not, it subsequently appeared, an account sent in to directors, which did not come back in altered form, so as to increase the apparent sum applicable to dividend.

In the case of the Eastern Counties Company, the accounts came, of course, regularly before an examining committee, but as this committee had for two of its members Mr. Hudson and Mr. Waddington, the other members did not think it worth their while to assemble. The committee, as a whole, never met. Good care was taken by Mr. Hudson, at each periodical meeting, that none but his faithful deputy-chairman "should bear him company." He was now ready to demonstrate that to accumulate debt, in the manner and to the extent that had been done, was the very reverse of good management, and only to be justified by the fact of pressure from without. Henceforth he would stand by good and solid lines. "The public," he said, "have become more discerning, and are more competent to seek out good lines." The truth was, the public would no longer consent to take shares in unremunerating and precarious investments.

As Mr. Hudson remarked, "they would not patronize any new railway simply because it was a railway." "The result of this speculation in the end," he continued, addressing the Midland Railway Company, "will be to make the property of good, solid lines more sought for, more valuable, and more productive. They might then fairly look forward to an improvement in the value of their property; and his advice to them was, 'if you have got a good thing, stand by it.' He trusted there would never be anything to weaken their confidence in the board and in the property which he and his brother directors represented." He referred to the several meetings which had recently taken place of a tumultuous character, at which directors had been called to account for having reduced their dividends. "That might have been the position of the directors of that company, but in such case they would meet them with the same confidence."

When, in 1848, general inquiry was awakened as to the management of these undertakings, when confidence needed to be reassured as to the character of investments, Mr. Hudson ridiculed the investigations then being instituted, as far as the railways with which he was connected were concerned. He was at no loss for figures of speech to convey sentiments both of irony and sarcasm. Statements of railway companies in general were certainly of a character to depress the price of shares; and it was only consonant with Mr. Hudson's policy for him to conceive that nothing could be so disastrous to the interests of shareholders, whose property all along had been maintaining a fictitious value, as really to know of what it consisted, and what were their actual and future resources. He regarded them, in suggesting this inquiry, as deluded victims, to whom he had a duty to discharge—a duty of protection and kindness. He owed it to them, and it was the greatest of all benefits he could confer on them, to uphold, as far as possible, the assumed value of the shares, until, in the course of events,

general credit revived, and he was enabled yet further to consolidate their interests. The plea was not without some ground of justification. The best railway stock being at this juncture unduly depreciated, it was not surprising shareholders began to be watchful of their interests, which had undergone such a decided change. A strong suspicion existed in various quarters that the accounts of companies had been framed with a view to purposes of deception. Mr. Hudson resorted anew to his usual means to make good the promises and hopes he had inspired. At the same time, he applied himself to promote the business of the companies with which he was connected, and with a success which only his knowledge, energy, and systematic measures could have secured. Mr. Hudson affected to lament before the York and North Midland shareholders, that the Legislature and public opinion had forced new undertakings upon them—undertakings for which he had been so much lauded, though which, under the guarantee of the parent line, such large dividends had been promised, and such high premiums had passed into the hands of the original proprietors. Under the authorization by which those extensions were carried out, "millions of money," as has been well remarked, "passed into the pockets of the shareholders just as effectually as if it had been voted directly to them by the House of Commons, and paid by the Treasury from the public revenue." Mr. Hudson also described some of those acquisitions he was supposed to have made at the period of general enthusiasm for extension, as necessary on the ground of mere defensive action. "If they had not thrown out these arms and branches," he said, "the proprietors would have found their property irretrievably injured." At public meetings and in Parliament, Mr. Hudson had boldly given his voice in favour of unrestricted competition; now he complained of it, when the advancing tide of public inquiry threatened to approach his feet. His most remarkable announcement,

however, was to the effect, that there was a point beyond which it would not be prudent to push amalgamation, and he believed they had now reached it. Mr. Hudson had probably contemplated, when affairs wore a brighter aspect, an amalgamation of the Midland with the London and North Western Railway, and possibly, in the evanescent dreams of regal ambition, an amalgamation of all the railways in Great Britain; but in this address he recognized limits to his rule, and openly discarded the very policy which had hitherto so successfully sustained him.

George Hudson himself, doubtless, looked chiefly to ultimate returns, and continually evinced his readiness to sacrifice a large portion of his gains to the confidence he entertained of being ultimately enabled, under a proper system, to make all the lines over which he presided pay a full dividend. Until that time came, however, he resorted to all manner of means to establish his position. He could not afford to be subjected to the least fluctuation of public opinion. He had to keep his credit up at every risk, and whilst lavish at times in the issue of shares, his skill and management gave him power to put them in a way of affording eventually a fair compensation for their outlay. The lines combined under him constituted "a whole within itself," and the effect of his policy was not only to prevent independent action on the part of other companies, but to drive them into a common arrangement in which he secured the chief advantage, and always at the expense of the public. If an independent line on a route in connection with the York and North Midland, the Eastern Counties, the Midland, or the Newcastle and Berwick reduced its fares, George Hudson assimilated the amount of reduction on his own. The jealousy with which his system of combination was therefore regarded by proprietors of independent lines may easily be imagined. He pressed his despotic control to the utmost limit allowed by law, so that those

companies were thereby disabled from maintaining an effective competition; all the forms of inconvenience that could arise from the arrangement of trains was inflicted on a rival. It was considered a legitimate war, and one after another of those independent lines, notwithstanding much determination and perseverance, was brought to under this all-powerful coercion. Next to the power attainable by combination in making all independent lines tributary, and in imposing, without reference to other companies, a high scale of charges, a further motive with Mr. Hudson was the additional economy with which lines thus brought into connection could be worked. Indeed, little doubt can be entertained but that the railway monarch, who thus temporarily held such undisputed sway in these especial realms of government, originated that species of competition and internecine warfare which has lately so distinguished itself between the Great Northern, the London and North Western, and other associated undertakings.

As illustrating his powers of discussion, it may be mentioned that on one occasion, when, against the wish of Mr. Hudson, a desire was expressed in the form of an opinion, a committee had been carried for the purpose of looking into the accounts, he observed, on leaving the room, "Well, gentlemen, I am chairman of this committee, and of course you will not meet until I summon you." That summons was never issued. Mr. Hudson left others to draw what inference they chose. For shareholders to have passed any motion against his openly expressed opinion was a sufficient triumph in itself, without its being suffered to proceed any further. As an act *pro forma*, the appointment of the committee was not unreasonable. But what did they want more? Mr. Hudson was at any time ready to pronounce on the satisfactory state of affairs.

But the day was fast approaching when he himself, the great railway king, would be called upon to render an account of his

stewardship. It was evident that peculiar causes continued to weigh heavily on the share market. The extent of the engagements into which the great companies had been induced to enter, with a view to their gigantic combinations, the absorption of capital in these undertakings, and the sacrifices sustained by those who had purchased at a premium shares that were now only negotiable at an alarming discount, began to tell with disastrous effect. Shareholders were no longer fed with hopes of new amalgamations, purchases, extensions, by which, in their turn, they might prey on others; nor did purchasers choose to be content with the fact that a certain rate of dividend had been paid for years, but demanded a full and free inquiry, and would not rest satisfied until a searching examination of accounts had been presented. Stormy meetings were held in connection with the whole of the principal companies; but Mr. Hudson, from the prestige he enjoyed and from his confidence that the present feeling of unpopularity would take a different turn, did not anticipate, for a moment, being arraigned before the public to support this asserted confidence; and, to avert all inquiry for the moment, increased misrepresentation was resorted to. The corrupting moral effect of that high tide of speculation, now returning to its original bed, had an unquestionable influence with Hudson and his other associates in glossing over the culpability of his acts.

A glance at the relative position of the York, Newcastle, and Berwick line, so largely dependent on the prosperity of those routes with which it was in communication, will show how directly the general disturbance of traffic—a disturbance inseparable from monetary pressure—must have affected it. It was impossible in view of the general decline of railway property, and the known disadvantages under which this line was labouring, that Mr. Hudson could present with any safety or immunity

from the most searching inquiry, in maintaining the usual dividend, or represent as divisible that large amount of net revenue by which he had been accustomed to buoy up hopes and to secure confidence in his management. When the report of the directors was read and presented for adoption in February of 1849, the apparent absence of lucidity in the accounts would appear to have struck the shareholders, who appointed a committee of investigation to enter into his transactions, and to put the whole affairs of the company under examination. They would not consent to declining revenues being any longer bolstered up, or the true resources of dividend mystified. The suggestion of Mr. Hudson on a previous occasion "to remember who had received the profits," was not acted on at this time. Every one desired deliverance from the labyrinthine maze into which they had been so blindly seduced.

The York, Newcastle, and Berwick proprietors were the first to impugn the management of Mr. Hudson.* A committee of investigation, appointed to look into the transactions in which he had been concerned, in addition to making Mr. Hudson a debtor for the amount of £11,292 on the Great North of England purchase account, brought attention to the fact that, besides subscribing for 3000 shares of Sunderland Dock, on behalf and under the assumed authority of the company, he had taken a further quantity of 2345 shares, the calls upon which he paid, without any formal authority, out of the funds of the company, such payment being kept from the knowledge of the shareholders. Of the way in which this

* Between the 28th of February and the 17th of May, Mr. Hudson resigned his position as chairman of the following railway companies—Eastern Counties, Midland, York, Newcastle and Berwick, and York and North Midland, and committees of investigation were in each case appointed.

was managed, the summary of the report will speak for itself:—

"The first circumstances detailed by the committee are, that Mr. Hudson being authorized by the company to subscribe for 3000 shares of the Sunderland Dock, took also into his name a further quantity of 2345 shares, the calls upon which he paid, without the slightest authority, out of the funds of the company, such payments being kept from the knowledge of the shareholders; that Mr. Hudson now states he made the purchase of these additional shares on behalf of the company, and that the committee are of opinion, from the mode in which the transaction was conducted, as well as from the fact, that no minute of the purchase was entered until two years afterwards, when the appointment of a committee of investigation was known to be in contemplation, that this statement cannot be received. The committee, therefore, although they regret the individual consequences that must follow, recommend steps to be taken to recover from Mr. Hudson the amount thus misappropriated. The next case is, that the creation of 42,000 shares having been authorized for the Newcastle and Berwick line, the issue was increased to 56,000, such issue being concealed from the shareholders by delaying the completion of the register and other means which 'call for the strongest reprobation;' that this proceeding was carried to an extent, and involved an amount of profit, which 'the committee hope and believe to be without a parallel in the history of public companies;' that it was done entirely by Mr. Hudson and the secretary, unknown to the other directors, and without minute or entry of any description; that the number of these shares taken by Mr. Hudson was 9956½, and that the profit realized by him on these secret operations must have amounted to £145,704, if the sales were effected at market prices. The committee further state that Mr. Hudson, having been called upon, had, in their opinion, wholly failed in offering any justification, and they recommend that he be compelled by legal measures to make full restitution without delay. On the third point of inquiry, namely, the York and Newcastle Extension shares, the facts announced are, that Mr. Hudson took 590 shares of this issue, to which he had no right, the aggregate premium on which amounted to £4,000, for which also the committee recommended he should be required to account. They further report, that although Mr. Hudson paid neither deposit nor calls upon 200 of these shares from the date of their issue in February, 1847, until the present investigation, the parties to whom he sold them have been receiving dividends upon them out of the funds of the company as regularly as if all calls had been duly met; and it is likewise observed that while Mr. Hudson was making these sales for his own benefit, 9682 unappropriated shares

were held by the company, which might have yielded a profit of £100,000, but that no such sales have ever been made for the benefit of the shareholders. The fourth case detailed comprises the fact of 2000 shares of the Brandling Junction Railway being voted to Mr. Hudson by his brother directors at a time when they were at £21 premium, being equivalent to a bonus of £42,000. The fifth case is a transaction in iron. On the 11th of January, 1845, Mr. Hudson concluded a contract for 10,000 tons of iron rails at £6 10*s.* per ton, and within three weeks he advertised for 20,000 as chairman of the Newcastle and Berwick line. Of this quantity 7000 tons were supplied to the company at £12 per ton out of the 10,000 he had just purchased on his own account. The profit on this, the committee remark, 'would amount to £38,500, and Mr. Hudson must have known he was acting illegally.' The sixth and last statement is, that Mr. Hudson in 1845 took from the funds of the Newcastle and Berwick line £31,000, which was entered as a payment for 'land,' but which he applied to his own purposes, none of the cheques by which he obtained this amount having been handed to the parties in whose favour they purported to be drawn. Since the appointment of the committee of investigation, however, Mr. Hudson has refunded £20,000, 'with interest for above three years, during which he had improperly held the money.' Finally, Mr. Hudson, in 1847, drew out £40,000, which was charged under the head of 'works,' but which he paid to his own private credit, at his banker's. This sum also, with £2479 for interest, he refunded nine weeks back. It only remains to be added, that the report thus presented by the committee is merely an instalment of what they will have to submit to the shareholders as the result of their investigation, the duty being too extensive and complicated to allow them as yet to announce its definitive completion."

The details rendered by the York and North Midland Committee were equally damaging, the Hull and Selby purchase and the traffic accounts attracting their immediate notice:—

"On the first point," it was remarked, "the committee confirm the existence of a difference between the amount paid by Mr. Hudson for certain Hull and Selby shares on account of the company and the amount received by him from the company, this difference being £3196 C*s.* 6*d.* At the same time they abstain from impugning the decision of the directors on the 20th of April last, that Mr. Hudson should take the said shares back and refund the £40,000 received for them, although they would have preferred that this repayment should have been in cash instead of in Mr. Hudson's note of hand at twelve months' date. Regarding the traffic returns, the committee mention that the weekly statements are necessarily

made up to some extent from estimates merely, and they subjoin a table, by which it appears that the excess on these estimates in 1848, as compared with the actual earnings, was £15,762, while, on the other hand, since the 1st of January, in the present year, they have been less than the earnings by £1876. Finally, with regard to the assurance given to the last general meeting, on the authority of Mr. Hudson, that the accounts to the 31st of December were correctly stated, the committee announce that the accounts were not correct, and that several entries were altogether delusive, some of them having 'been made by Mr. Peter Clarke in compliance with an intimation conveyed to him to that effect verbally by Mr. Hudson, without Mr. Clarke informing any of the other directors, who were entirely ignorant at the time that any such improper entries were made in the books.' The committee add that the accumulation of various irregularities since 1845 amounts to about £75,000, exclusive of all sums which may have been improperly placed to capital account in former years; that the books have been kept and the business conducted in the most slovenly manner; that there has never been any regular account of stores; that the tradesmen's accounts have never been called for and settled as a preliminary to the preparation of the various balance sheets."

A short time only elapsed before the clouds that hung over Mr. Hudson's reputation had settled into thick darkness. It was on the 28th of February that the half-yearly meeting of the Eastern Counties Railway was held, some intimation as to the true state of the company's affairs, or rather of the way in which the accounts had been tampered with, had previously reached the shareholders, and Mr. Hudson, it may easily be supposed, was not disposed to encounter them. Accordingly, he absented himself, and left them to "waste upon the air their unavailing plaints." How they would have treated Mr. Hudson, had he been present, may be judged from their proceedings at a meeting held the succeeding May, when Mr. Waddington, M.P., the deputy-chairman, together with the committee of investigation, attended. When the committee entered the room, they were taken by the infuriated assembly to be members of the board, and consequently were received with howlings, groanings, hisses, contemptuous shouting, and derisive laughter. In the brief pauses of this continuous tempest

of abuse, Mr. Waddington only gained the opportunity to declare and acknowledge the unfortunate position in which they were placed, and to announce the resignation of the board.*

Hardly, for either justice or favour, could Mr. Waddington be permitted to proceed. So completely did he and his col-

* The following is the characteristic report of Mr. Waddington's speech. Mr. Waddington was understood to say, in the partial calm which ensued—"Gentlemen, I am not at all sorry that it has fallen to the lot of Mr. Meek to address you this day before I have done myself the honour of addressing you. (Laughter.) To appeal to you as Englishmen to listen to a man, who, though he may be under a ban now, yet feels that before he sits down you will thank him for having risen—(Confusion)—Gentlemen, I do not stand here for my own aggrandizement—(Loud laughter, and cries of 'Sit down')—but I stand here—(A voice: 'How about the £2000?')—I stand here in a painful position—('No doubt you do.')—I say, it is most painful to think that one with whom I was formerly on the most intimate terms of brotherly friendship—('Oh, oh,' and laughter)—it is painful for me, I say—(Groans, hisses, and cries of 'Sit down, sit down,' accompanied with such general interruption that the hon. gentleman found it impossible to bring his sentence to a termination.) * * I feel that if the gentleman of whom I was speaking were to review what has since passed, no one could feel more deeply for you than he; but I am sure also that that gentleman, from the large stake he held in the concern, felt confident that he would ultimately be able to land you in a different position from that in which you now are—('Oh, oh,' laughter, and 'How about yourself?') I will not stand here and shield myself by saying that I am not guilty, and that all the guilt rests with him. (Cheers.) * * * I did object to any accounts being made out, having found that Mr. Hudson, who had anticipated a large increase of revenue from the Peterborough line—('Question')—had miscalculated the resources of that line—('Question;' and a voice: 'Why don't you speak about yourself?') Is it not the question—is it not the vital question?—whether our concern is earning anything or not? The Eastern Counties has paid its own way. ('Oh.') If you will not listen to me—if you'll not hear me—('No.') Very well, gentlemen, take your own course, I will endeavour to do my duty. If you will not—(Cheers, 'oh,' and groans)—if you will not listen to the statement, I have no wish to go on. I ask you, as an act of justice, to hear me ('Hear'); I claim it as a right, but I will not ask it as a favour. (Cheers.) * * * I have not relied on my own figures in the matter; I am not going into the question with a view—(A voice, 'Why don't you

leagues take a mere monetary view, in the light of profit and loss, of the transactions for which they were now held account-

clear your own character?') But, gentlemen—('Oh, oh! sit down.') * * * The hon. gentleman (the chairman of the committee) asks us where the money was to come from? That is a question which I suppose he wants me to answer. ('Hear, hear,' and 'Yes.') I can only say that the dividend was arranged for payment. Whether subsequent proceedings here may have prevented that arrangement from being carried out it is not for me to say; but I repeat, it had been arranged for payment. ('How?') That is the statement I have to offer on this point. ('How was it to be paid?') I say that arrangements had been entered into to obtain the money for the purpose. (Several proprietors: 'But how?') Why, by borrowing the money. ('We thought so;' laughter, hisses, and groans.) If any gentleman fancies that this undertaking can be kept on without sustaining its credit and borrowing money, he is much mistaken. (Renewed laughter, 'Sit down.') I don't want to disguise the facts. ('Oh, oh.') You shall know them. I will not disguise anything now, though we might have done so before. ('Yes.') In the estimate which has been commented upon by Mr. Meek, he says, 'we threw out a bait to the shareholders.' I deny it. ('Oh, oh.') What is the meaning of the term 'bait?' (A laugh.) It was our duty to give you an account of what we thought you had realized, and so we did. With all due deference to the committee, I don't wish to impute to them motives. ('Oh, oh.') I am not doing so. * * * I will not speak of Mr. Meek's courtesy. I ask no courtesy from him, but I do question the policy of making this meeting the medium of running down any man, be he chairman, director, or shareholder. ('Oh, oh,' and hisses.) Gentlemen, if you have patience, I will trouble you for only a very few minutes, and, as this is probably the last time I shall have the honour of addressing you—(tremendous cheering)—I hope you will grant me a very small portion of your time. * * * Now, gentlemen, much has been said respecting the £2000. I know that a resolution was passed, and I know that I received the money. (Loud hisses and cries of 'Oh.') * * * Previous to their appearing in that room this day the board had come to the unanimous resolution that they would resign—(cheers)—and he (Mr. W.) now offered the proprietors their resignation." (Renewed cheers.) Amidst the uproar that followed this announcement, Mr. Owen moved, and Mr. Lowe seconded, "That a criminal information be laid against Mr. Hudson, and also that a Bill in Chancery be filed against Mr. Waddington and all the Directors of the Eastern Counties Railway." The motion, however was not put. Mr. Waddington and his colleagues retired amidst the hootings of the shareholders, and an indescribable scene of uproar and confusion ensued.

able, that the one vital question was conceived by them to be, whether, taking their operations all in all, the company had not been benefited by their administration, and was not in a far more creditable position than could otherwise have been expected. The financial power of Mr. Hudson had been hitherto regarded with a kind of enthusiasm, and the whole of the directors sought refuge under his shadow. Mr. Waddington, when craving attention at the commencement of his speech, had told the shareholders that before he sat down they would thank him for having risen; and now, in face of the report of the committee, which condemned the management and showed its effects, he came out with the statement that the dividend was arranged for payment; whether subsequent proceedings had prevented that arrangement from being carried out, it was not for him to say. In answer to cries of "How?" "But how?" "How was it to be paid?" Mr. Waddington replied—"Why, by borrowing money!" And amidst laughter, hisses, groans, imprecations, and shouts of "We thought so!" Mr. Waddington added—"If any gentleman fancies that this undertaking can be kept on without sustaining its credit and borrowing money, he is much mistaken." The resignation of the board was then tendered and readily accepted, and the subsequently enacted *scena* proved Hudson's star had set—that henceforth, to his adorers, he must be a *deus ex machinâ*.

The last accounts Mr. Hudson presented to the general meeting of the Eastern Counties exhibited £103,687 as net profit; but this was effected by placing £97,364 to capital which ought to have been charged to current expenses, so that the real balance was only £6323, a sum too small for any dividend. Of the sum of £97,364 thus improperly charged, £64,478 was for expenses connected with previous periods, and hence the actual earnings might still be considered as showing a dividend of 3*s.* 4*d.*, which, though no improvement prior to Mr. Hudson's accession to office, was, in view of the

circumstances in which the Eastern Counties with other railways was then placed, somewhat favourable. Of other special transactions evolved by the Hudsonian policy, the report of the committee spoke plainly enough:—

"In their preliminary remarks the committee mention that they commenced their investigation from January, 1845, when the capital was £2,906,780, which has since been increased to a nominal sum of £13,139,156. They deplore that a spirit of hostility has been shown by the Eastern Union Company, and intimate that the Harwich Steam-packet Company will not require any money by way of loan. Referring to the Northern and Eastern line, they propose that the directors of that line, who are also on the Eastern Counties board, should receive pay only from one company. The purchase of the St. Ives, March, and Wisbeach line is characterized an an unfortunate transaction, and it is recommended that no expenditure should be incurred for its extension; considerable loss is also mentioned from the unwise agreement for renting warehouses of the East India Dock Company. Southend pier, which was purchased for £17,000, is recommended to be sold, as there is now no reason to expect a railway will be made to it. Unjustifiable extravagance is pronounced to have taken place in the erection of stations, etc., for joint occupation with other companies. As regards the contemplated amalgamation with the Norfolk Company, the committee unanimously recommend that it should be effected. In relation to the Newmarket and Chesterford Company they think an arrangement mutually satisfactory may hereafter be made. With respect to past management the committee report that, as far as their observation goes, the conduct of the affairs of the company under Mr. Bosanquet, from the date of its formation in 1835 up to his retirement in 1845, presents no ground for disapproval. The last dividend paid under those circumstances was 3*s.* per share, which in the opinion of the committee was fairly earned. In the last half-year of 1845 Mr. Hudson joined in the direction. He stipulated for the entire control; subsequently, however, agreeing that Mr. Waddington should have the management of the traffic department. On the 22nd of December, 1845, it was resolved to pay a dividend of 9*s.* per share. The half-year's account extended up to the 10th of January, and, of course, therefore, at this time they could not have been made up; and it is not only in evidence that the whole thing was arranged without any reference whatever to the accounts, but also that when the accounts were made up they did not show that any such dividend had been earned; that the traffic accounts were consequently altered to suit the circumstances; that in every succeeding year the same system has been pursued; and that it now appears that out of £545,714 8*s.* 4*d.* distributed in dividends from the 4th of January, 1845,

to the 4th of July, 1848, £115,278 8*s.* 5*d.* was procured by the alteration of traffic accounts, and £205,294 7*s.* 5*d.* by improper charges to capital account, thus making a total of £320,572 15*s.* 10*d.*, which was not applicable to dividends at all. Consequently, out of £545,714 actually divided, only £225,141 was the amount that had been earned. Various other items together with Parliamentary expenses, etc., of £9606 17*s.* 6*d.* have been found inexplicable by the committee, and the whole of which last amount, with the exception of £2000, Mr. Waddington and Mr. Duncan have stated was disbursed by the company, through them, for services rendered, and in a manner 'which did not leave them at liberty to give particulars without implicating other parties.' The £2000 was given to Mr. Waddington for services rendered to the company, but the committee have been unable to find any resolution of the board to that effect. The result of the management of the company, it is stated, has been to place it almost exclusively in the hands of Mr. Hudson and Mr. Waddington, and the committee conclude by remarking that as regards the way in which the power has been exercised by the former gentleman, the statements they have given will relieve them from the necessity of characterizing it. In connection with the present position of the undertaking, the effect of a payment of dividends out of capital and of a reckless expenditure must now be looked at; but however disproportioned to its value is the sum already expended, considerable additions to that sum—perhaps to the extent of £500,000—must be made before the capital account is closed. The immediate point of interest is the true state of the working account for the past half-year. That account, as presented to the recent general meeting, exhibited £103,687 as net profit; but this was effected by placing £97,364 to capital account, which ought to have been charged to current expenses, so that the real balance was only £6323—a sum too small for any dividend. Of the sum of £97,364 thus improperly charged to capital account, £64,478 was for expenses connected with previous periods—so that the actual earnings of the half-year may still be considered to show a dividend of 3*s.* 4*d.* In treating of future prospects, the committee recommend immediate steps to ascertain and settle all claims and to close the capital account, also a reduction of the number of directors to twelve, a provision for the efficient audit of accounts, the appointment of a law clerk at an annual stipend, the taxing of all law bills at present unsettled, a diminution in the speed of the goods' trains, a reduction of the passenger trains in the purely agricultural districts, and the exercise of a general, but not too hasty, economy throughout the establishment. In a postscript the committee report a circumstance which seems only to have transpired at the last moment of their investigation—namely, the payment of a sum of £2000 to Mr. Hudson, and of £2000 to Mr. Waddington, in connection with a purchase of scrip of the Wisbeach, St. Ives, and Cambridge line, 'for which no scrip could be found,"

and for which the committee have not been able to ascertain that any other authority existed than that given to Mr. Roney, the secretary, by Mr. Hudson and Mr. Waddington themselves.

"The list of witnesses comprises M. Davis, the accountant, who testifies to receiving back his accounts in an altered state, and that he had 'no alternative but to obey his instructions and to adopt them;' Mr. Owen, the deputy-accountant, who says, 'it was a generally understood thing that capital was to bear what revenue would not,' and who 'does not remember any account from December, 1846, to July, 1848, which did not come back from the directors altered so as to increase the apparent sum applicable for a dividend;' Mr. Roney, the secretary, who states that the Examining Committee in July, 1848, were Messrs. Hudson, Waddington, Paterson, Gibbes, and Routh, but that 'these gentlemen never met as a body—Mr. Hudson and Mr. Waddington did meet;' Mr. Hudson, M.P., who 'cannot charge his memory' with the alterations made by the directors, and who feels 'the company were justified in putting a certain amount to capital, or leaving it to be discharged on future years of success;' Mr. Waddington, M.P., who states that 'the course, with reference to the revenue accounts, was, that the account was made out from the books, and given to Mr. Hudson, he directing that certain items should be altered; Mr. Robert Mosely, the traffic manager, who last July 'was directed by Mr. Hudson to tell them at the office to carry £10,000 to the ensuing half-year; that is to say, to make the expenditure in the printed report £10,000 less than was actually incurred;' and who, on receiving the accounts from Mr. Waddington to take to Mr. Hudson, was told by Mr. Waddington 'Now, mind, Mr. Mosely, I shall be no party to the cooking of those accounts;' Mr. John Duncan, the solicitor to the company, who states that in 1845, when the dividend of 9*s.* was decided upon, 'no accounts had been prepared,' and who declines to give particulars regarding the specific amount paid for Parliamentary expenses, as he 'cannot do so without implicating other parties;' Mr. Richard Paterson, a member of the 'finance committee,' to which committee the accounts were never presented; Mr. Thomas Gibbes, another member of the same committee, who says that 'the chairman dealt with the accounts as he thought proper,' and who has 'no recollection of £9000 having been paid for secret-service money,' but who 'presumes if such payments have been made it was done to further the interests of the company; and finally, Messrs. Reeves and Betts, the auditors, who 'when they came to examine the capital account, found that no single item agreed with the ledger,' and who, upon being informed by the accountant that the accounts had been altered by the direction of the chairman, refused to audit the capital account, and entered their protest against the report. The names of the committee by whom this laborious investigation was conducted were Mr. Cash, Mr. Christy,

Mr. Sherwood, Mr. Samuel Ellis, Mr. Mayhew, Mr. Glynn, Mr. Meek, and Mr. East."

With such statements circulating through the country, and the whole of the proprietaries of lines with which Mr. Hudson was connected demanding investigation, it was not surprising to discover that his popularity was decaying. There were, however, those who still professed strong allegiance to him, and it was occasionally predicted that he would recover his position. Much, it was felt, depended upon the result of future deliberations and the ultimate turn that the subsequent meetings would take; the majority, nevertheless, who appreciated the weight of the heavy and grave charges brought against the "Linendraper of York," entertained little hope of his ever again assuming power where he had only just previously exercised such unlimited sway.

During the Eastern Counties inquiry, Mr. Hudson was summoned before the committee. "Never," remarks a spectator of the scene, referring to Mr. Hudson's interview with the committee, "never since his accession to his iron throne, was the Member for Sunderland treated with so little ceremony." "George Hudson," said Mr. Cash, the chairman of the committee and a member of the Society of Friends, "wilt thou take a seat? As thou hast the financial department of this company under thy especial control, thou art required to answer a few questions which the committee will put to thee? Didst thou ever, after the accountant had made up the yearly accounts, alter any of the figures?" Mr. Hudson, in a subdued tone, answered, after a moment's hesitation, "Well, I may perhaps have added a thousand or two to the next account." "Didst thou ever add £10,000?" continued Mr. Cash. "Ten thousand! that is a large sum." "It *is* a large sum, and that is the reason why I put the question to thee. Wilt thou give the committee an answer, yea or nay?" Mr.

Hudson, in a very subdued tone, and evidently much embarrassed replied—"I cannot exactly say what may have been the largest sum I carried to the following account." "Perhaps, George Hudson, thou couldst inform the committee whether thou ever carried to the next account so large a sum as £40,000?" "Oh, I should think not so large a sum as that!" "But art thou quite sure thou never didst?" Here again the deposed monarch of the railway kingdom showed considerable embarrassment, on which his Quaker inquisitor did not further press the question; and putting the interrogatories upon a sheet of paper, into his hand, observed, with a dry nonchalance which must have been very annoying to the former chairman of the company—"George Hudson, take the questions home with thee, and send written answers to the committee at thy earliest convenience." It was observed that from this time there was a marked change in the manners and the appearance of Mr. Hudson. Formerly, even his colleagues in the directorship were afraid to speak to him; but now he was all humility, mildness, and docility; willing to answer any question and to do anything he was respectfully required.

The disclosures that had been made necessarily excited universal attention, and it was impossible but that Mr. Hudson's political position should be compromised. On the evening of May 17, he rose in his place in the House of Commons, during the time of private business, on the presentation of two petitions, relating to the concerns of the Eastern Counties Railway, and entered into explanations respecting the course he had pursued in connection with that undertaking. From the silence with which his observations were received, it was evident that he had been already judged. Nor could the public at large enter into the prospective views he had entertained, or consider, in the way of qualification, the ultimate workings of the system of combination he had so extensively adopted. They had to deal with the then position of the com-

panies, and with the balance of accounts that had been struck. Thenceforth Mr. Hudson had no resort but in that privacy from which in 1833 he had emerged, and no safety but in making large and ample restitution.

According to the reports furnished by the several committees of investigation, who examined Mr. Hudson's transactions in connection with the railways of which he was chairman, he was held indebted in the sum of more than half a million pounds. This, however, included sums which he merely temporarily held for the discharge of past obligations, or to cover prospective arrangements on behalf of the companies for whom he acted, also the value of shares which had been voted him by his co-directors, and the still larger number which he had distributed to those whom it was thought necessary to conciliate or reward for the furtherance of various enterprises. Even before the reports were published, a large amount of the sums thus held had been repaid, and he endeavoured to make arrangements for satisfying the further claims. Appended are the various principal items exhibited in the form stated:—

	£	s.	d.
Great North of England Purchase Account	11,292	10	0
East and West Riding Shares	96,000	0	0
Money belonging to Landowners	26,000	0	0
Contractors	42,479	13	7
North British Money	62,267	14	3
Iron Rails	66,203	12	11
Interest on two Bonds, Bank of England	1,747	4	5
Sunderland Docks	41,000	0	0
Profit on Berwick Shares	149,704	0	0
Brandling Junction	42,000	0	0
Hull and Selby Purchase Shares	42,000	0	0
Difference to return for Land at Londesborough	18,090	0	0
Total,	£598,784	15	2

Large as this sum was, it did not approach in the slightest degree the losses that had been incurred through misrepresentations in published accounts, the irregular transactions in purchases and amalgamations, and declarations of unwarranted dividends, by which future proprietors had been subjected to the greatest injury. Thus, in the case of one company, more than a third of a million pounds had been distributed within three years in the form of realized profit, which was not applicable to dividend at all, which had not been earned, and which was only to be carried by improper charges to capital and the doubtful re-arrangement of traffic. Then arose the huge cry respecting the position of capital accounts, which raised a newspaper controversy and a pamphlet warfare which has scarcely subsided at the present day.

Meanwhile many claims were raised against him, and notwithstanding, much to his credit, he repaid large sums and made arrangements for others, such was the spirit of hostility exhibited, that every conceivable method was attempted to crush the last vestige of his popularity. The public, and, above all, the most needy speculators—those who had profited by his advice, and, not content with first profits, had continued their operations throughout the career of the crisis, until, like the common gamester, they had staked their last farthing and lost—were now prepared to hound down to the death the individual whom before they had lauded to the skies as the veritable man of the age, the resuscitator of industrial prosperity and the most successful financer of the century. Upon a sensitive mind, like that possessed by Hudson, this severe revulsion told with wondrous effect; his non-appearance at the Eastern Counties meeting, the absence of satisfactory explanations pending any of the inquiries that were going forward, apart from a domestic calamity, which was said to be traceable to the final ill success of his career, seeming to give a finishing stroke to a popularity earned through the exercise of much vigilance

and laborious exertion, but unfortunately alloyed with a large amount of deception. His sudden decadence brought with it consequences which appeared to testify the truth of the old philosophy, that "when a man is down, he has few friends;" and sorely must have he been tried under the circumstances. It was pitiable indeed to notice the rapid alteration in the robust appearance and the rotund form of the great railway magnate a few months after these discoveries, and although he evidently endeavoured, with the natural force of his character, to brave out the mighty hostilities waged against him, the proof was there in the individual that they were not without strong influence upon his constitution. A Hercules in mind and body he, nevertheless, must have been to have stood out the storm that raged around him. A massive pillar, as he was, centered in himself, but yet keenly susceptible of external influences he was tormented by every contending element. Arraigned in Parliament, defendant in several suits in equity, discarded and frowned upon by old associates, he was placed in such a position as had never been witnessed since the days of disgrace in the history of the South Sea bubble; and, to add to the contumely which was endeavoured, with almost unabated eagerness to be thrust upon him, the perils of a public bankruptcy were for months—nay, nearly a year—staring him in the face.* To the possessor of Albert Gate, that princely and palatial residence which soon passed from his hands to that of the French Ambassador; to the occupier of enormous landed estates, which were presently to be sold to *recoup* the funds displaced by his irregularities, and to one who was fairly estimated to have accumulated property of the value of at least a million and a-half sterling, a revulsion of this character could but be almost insupportable. He nevertheless sustained himself

* It will be well remembered that this was the fact, and that bill transactions, subsequently disclosed in other cases, showed to what desperate straits he had been driven.

with an apparent amount of fortitude which was truly astonishing, and, except to those personally acquainted with him, almost passing belief.

For brief periods he sojourned on the Continent, making occasional trips for the benefit of his health; but he never, until after the whole of the investigations were concluded, entirely absented himself, but was seen at the West End and in the City, emulating, with bustling activity, notwithstanding the ponderous nature of his person, the energy and vigour of much more youthful men. Indeed his visits to the City, particularly to the neighbourhood of the Stock Exchange, were alleged to be allied with speculative transactions, and those on a scale of magnitude which it was affirmed brought considerable profit. So closely did he identify himself with this pursuit, during the transaction of some of the investigations, that it was vindictively asserted by some of those whose opposition—whether well-founded or not, is a difficult problem to solve—never experienced the slightest mitigation, that he "followed the market even to its lowest point," being fully aware of what the issue of the several revelations would be.

"Whether Mr. Hudson," remarks the *Commercial Register* of 1849, "did speculate on the issue of his own character, has never been satisfactorily proved; but, at all events, it is clear that the bargains transacted involved an enormous amount of differences to be settled on the various account-days, and that such description of stock-exchange gambling far exceeded the operations concluded for actual transfer." This question is a highly interesting one, even when regarded only in a speculative point of view, in relation to a character whose scheming propensities would seem to have been based upon desperate eventualities. If such were the case, it would be difficult to conclude otherwise than that his higher qualities had stagnated, and that his paramount principle of action did little honour to his heart. It is to be hoped, how-

ever, that such was not the case, and though he might have operated as is fully believed, it might possibly be in connection with other views than those which were supposed to guide his conduct.

Many persons seem to consider that Mr. Hudson had a singular immunity from criminal if not civil proceedings; but the latter were prosecuted with benefit to the companies while the former would have been attended with risk, and might probably have failed. But the low state of financial morality induced by the speculation in railways to which all classes had more or less abandoned themselves, served in a manner to protect him, together with a sentiment still prevalent as to the difference to be drawn between acts performed in an official capacity, in and for the assumed interest of companies, and an independent transaction touching no other than individual interests. A full, true, and explicit statement and balance-sheet, detailing expenses, receipts, obligations, and, profits, if any, was hardly, it was felt, to be expected; and, possibly, no complete exposition would ever have come to light, but for the extreme depression that followed immediately on an undue enhancement. The misgiving on the part of the public blew to the winds the calculations of the best managers. Hudson had good hopes of making all his investments permanently remunerative. He had plans yet to be matured, expenses to be reduced, large traffic to draw from rivals, and the development of resources already possessed, and profitable contracts to fulfil.

An appeal may be said to have been taken from the verdict of the public by the citizens of York, at a banquet given by them to Mr. Hudson, attended by some of the most distinguished gentlemen of the city and county. The Mayor of York presided, and on proposing the health of Mr. Hudson, availed himself of the occasion to take a retrospective view of his services throughout the period sketched. The railway

excitement had now subsided into a healthful and energetic course of persevering effort to improve the prospects of the lines it had called into existence, and leisure had been afforded to trace the direct and indirect influence exerted by these enterprises on every department of industry and branch of commerce. Mr. Hudson was credited with an amount of prescience, sufficient, had it been confirmed, to have established his reputation as a prophet. But the views and anticipations expressed from time to time by Mr. Hudson, and which had the effect of maintaining impressions on the part of the public out of which it was designed that capital should be made, had proved generally delusive, and were entitled to no higher rank than those promising suggestions by which the members of any enterprise, resting on precarious foundations, are apt to stimulate one another's flagging zeal, or encourage one another's boundless aspirations. The public were disposed to view this demonstration as an endeavour, on the part of the good people of York, to burnish to its former splendour an idol they could not yet bring themselves to throw down. The speeches delivered on this occasion countenanced, to some extent, this impression; but they did not produce the desired effect.

The wisdom of the policy of amalgamation, which Mr. Hudson adopted, has since been justified on the material evidences of prosperity which have attended the working of the system. At the present point of organization, the railway companies of Great Britain, although still contending with multifarious and divided interests, are able to distribute, yearly, upwards of nine million pounds in the form of dividend, and upwards of three million pounds in interest on debts. This sum would seem to afford a fair per centage on the £288,000,000 actually spent on railway works, though when we add to this amount the £27,000,000 expended on preliminary arrangements, the per centage is sensibly reduced. Railway

property may yet be considered as labouring under undue depression; and there is reason to believe that as soon as the principle is found on which more effective co-operation can be secured, a much more ample return will be afforded. After emerging from a period in which conflicting claims and rival projects were determined, not on their own merits, but according to the political influence wielded by separate companies, or by the amount of support which the unenlightened enthusiasm of the public, stimulated by fictitious statements of accounts on the guaranteeing line, might chance to furnish, the representatives of the railway interest are now seeking some means of mutual arbitration, or rather some principles for general guidance. It is not, however, in the mere settlement of quarrels between themselves, in the ingenious adjustment of artificial regulations, or the happy conduct of intricate negotiations that full development will be attained. These companies, or at least their managers—for certain of the shareholders are appealing, through the press, to common sense and the results of past experience to enforce intelligent action—would seem to have yet to learn what Hudson, in the course of his aggressive and defensive tactics, never discovered—that the interests of the public, so far from being antagonistic, coincide with the true interests of those concerned in carrying on these undertakings.

A curious observer of men and manners, one whose knowledge may in some degree be relied upon, thus describes the great and notable George Hudson:—

"Mr. Hudson's personal appearance is calculated to strike if not absolutely to command attention. There is a massiveness in the proportions of his bodily frame, evidently hereditary in his stock, and inclining to symmetric development. His head is large, and scantily supplied with gray hairs; his forehead broad, and somewhat elevated. The features of his face, lighted up with small and somewhat penetrating gray eyes, might, from

their severity of outline, convey to a casual observer the impression of harshness of disposition. This severity, however, is of a purely mental character—the indication of a powerful will acting on thoughts arranged and re-arranged with incessant activity, or upon schemes either altogether ideal or rigidly practical, and long and closely nurtured and stimulated by a vast range of feeling, which covers the whole ground of his sympathies and passions. When animated by conversation, or when accosted, his countenance, usually hard and rugged, relaxes into a pleasing smile. While Mr. Hudson strongly appreciates material conditions, and respects, above all things, soundness in the subjects which engage his attention, he is, on the other hand, easily excited under sympathetic conditions to take an ideal view, which disposes him, whenever the opportunity appears to be afforded of realizing his aspirations, whether these are well founded or not, to overleap or set aside restrictions of a conventional, personal, material, or even moral character, if any of these are in his way—obstacles that would fill, for others, the whole field of vision. His strong hold of material relations; his power of particularizing all the minutiæ of business, and of marshaling, by the aid of memory, all the parts of a complex organization, render his services invaluable in the execution of any design depending on extensive co-operation. His benevolence, large as it is, works within the sphere of his assumed interests, and in favour of those with whom he is connected in the way of organization. So large are his sympathies, where the arrangement of a plan, or the execution of any design is concerned, that he would sacrifice to the purpose in view, and for the sake of attaining his object, almost any personal consideration. As to any opinions Mr. Hudson might form, or views that he might take, though free to express them, he would not care to argue them out. To anticipate any such necessity, he would assume a somewhat dictatorial air, and exhibit greater con-

fidence than he would be really entitled to command. The power of organization he so largely possesses is usually directed by some standard of ideal perfection. This strongly anticipative and ideal cast of mind, combined with practical tendencies, serves with him to beautify every object of thought, and to throw over every project he entertains a marvellous degree of attraction, and which has its own share of influence when he endeavours to impress his views on others."

Such indeed is the man who has become identified with one of the most memorable periods of industrial progress, who aided materially to promote those designs which were presently seized upon and adopted in a spirit of general enthusiasm; who not only extended, but fortified, or rather consolidated, a portion of the growing power, succeeding, as far as he did succeed, on grounds partly fictitious and partly real, and failing, where he did fail—as in the Norfolk amalgamation—not because his schemes were inherently impracticable, but through not observing the point at which their further prosecution was desirable. Taking a retrospective glance at the whole of his career, there are many features in it deserving credit, while others demand severe censure. Another cycle has passed, and his acts, contrasted with those of other individuals, who have had the management of large public corporate institutions, bear no unfavourable comparison; but yet against him must be recorded the blame of having, through his irregularities, thrown the railway system into such disorder and embarrassment as to prevent it ever attaining again the confidence it once held in the estimation of the public; and of having set the example of systematically framing accounts to deceive the several proprietaries of which he was the responsible and governing head. Once—only once—was a suggestion ever made to restore him to power; and then the ground was tenderly felt, as it was well understood to be a most delicate proceeding. The response, nevertheless, conveyed in a very

quiet and suitable manner, showed that the public would not have tolerated the restoration, and from that time his presence within railway circles has scarcely ever been witnessed. He has, nevertheless, mixed up in other large speculative transactions, foreign undertakings, operations in iron, and similar adventurous schemes, but it is feared with not a tithe of the success of his earlier career. With a character tarnished, and the loss of the greater part of his fortune, a considerable portion having gone to reimburse the several companies their respective claims, he still remains Member for Sunderland, despite the attempts that have been made to obtain his resignation, and notwithstanding the great "blot i' the escutcheon," he has done the State some service, and the country, both directly and indirectly, though at an enormous sacrifice, partial but permanent benefit.

CHAPTER III.

WALTER WATTS AND HIS FRAUDS UPON THE GLOBE ASSURANCE OFFICE.

The Age of Appearance—Watts's magnificent but brief Career—His success as a Man of Fashion and Wealth—His luxurious Mode of Life, alleged Sources of Income and Theatrical Speculations—Failure of the Latter, and the Discovery of his gigantic Frauds—The Investigation at the Globe Assurance Office—The Trial of the Delinquent, and his Suicide in Newgate.

CERTAINLY at no former period of the history of this country has so much importance been attached to show, and so little, comparatively, to substance, as at the present time. If in private life a man live in a mansion, maintain a large establishment—servants—an equipage, and all the other outward appearances of wealth, few people care much to inquire whether or not he possesses the reality—credit, almost without limit, is at his command, and without question. He may, if so disposed, make that credit, which the gullibility of mankind and the competition of trade offer to him, the means of extending his operations to any amount—realizing the superfluities furnished to him on such easy terms by the too credulous tradesman, to meet the demands of those who have sense enough to prefer cash in hand for their goods to a long list of names on the debtor side of their ledger, with heavy sums set against them, uncertain whether those names represent persons of means sufficient to cause at the proper time the transfer of the debit figures to the other side of the page. A passable address—an adequate stock of cool assurance—a tolerable knowledge of figures—and an aptitude for ringing the changes in matters of

finance—are all that is necessary. With these a man may start as a millionaire, and for a time vie with the wealthiest in expenditure, and possibly—though, happily, for the sake of morality, this is the very rare exception—by some grand *coup*, in the end establish himself in the position he has been assuming. This is the goal which the general class of adventurers have probably always in view when they enter upon their career; but how few of them ever reach it!

But some do not wait even to make the experiment through credit; they devise other means to secure an entrance into the world, and their extravagant notions lead them to engage in crimes which, concealed for a short period, enable them to make an appearance, though ultimate discovery shatters the splendid fabric which they have created only to make their decadence the more notorious and disastrous.

It was somewhere about the year 1844 that the name of Walter Watts became associated with fashionable life. He appeared suddenly, and as suddenly made his presence felt. His course was like that of a meteor—brilliant but brief. Where he came from nobody knew. What were his resources nobody could ascertain. It was clear that they were ample for the gratification of the most extravagant tastes. He spent his money like a prince. He was naturally luxurious, and fond of pleasure in every form—a devoted disciple of Epicurus. He was the patron of art—the encourager of sport, if not of science. At all the theatres he was well known. He had his box at the Opera, and the *entrée* to the *sanctum sanctorum* behind the scenes. He addressed the coryphées by the affectionate but professional appellation "dear," and liberally atoned for his familiarity by champagne suppers after the ballet. With *prima donnas* and dramatic notabilities he was on terms of intimacy; and at one time he was the actual proprietor of two metropolitan theatres. He kept an establishment in town in the most fashionable quarter of the West-end, and he had his

country house at Brighton, at both of which he dispensed a princely hospitality. He was a connoisseur in wines, and stocked his cellars from the most celebrated vintages—regardless of price. He had a decided *penchant* for gallantry, and spent much of his time—and, as a matter of course, no inconsiderable sum of money—in the company of that especial class of the fair sex who are usually designated gay. His equipage was faultless; his horses were the envy or the admiration, sometimes both, of the *habitués* of Rotten Row; and his tiger was a marvel—diminutive, agile, clean-limbed, well dressed, perfect in his knowledge of matters equine, and an adept in that *sang froid* and ready wit, couched generally in the most modern slang, which, in this species of the serving class, is considered perfection.

But who was he? And what was he? From what source came his apparently inexhaustible means? The greater his expenditure, the more he had to spend. Was he the heir apparent or presumptive to some large landed estate, who was, for the gratification of the moment, saddling himself with future liabilities in the shape of *post-obits?* Against this hypothesis it was observed, that those who were unquestionably of "the upper ten thousand," and who are always ready, notwithstanding their habitual exclusiveness, to receive those who are of their own order, whatever their extravagances or eccentricities, held studiously aloof from him. The scions of the aristocracy, and the junior representatives of the good and wealthy families, to equality with whom in point of expenditure he seemed to aspire, were not among his companions. The question, "Who is he?" had not to them received a satisfactory answer. He could not have made a fortune at Carson's Creek, or at Ballarat, for the riches of California and Australia were as yet undiscovered.

Some said that he was the depository of certain State secrets, which enabled him to operate with effect in the public stocks.

True, he was frequently in the City; but there was no proof of frequent or extensive dealings with jobbers or brokers, much less were there any such large transactions in his name as to justify the supposition that Sir Robert Peel had confided to him, for his particular benefit and profit, what that prudent and far-seeing statesman concealed from his own party—the contemplated abolition of the corn laws, and the establishment of free trade. Again, it was hinted that Davis, of betting celebrity, had taken him by the hand, and initiated him into the art and mystery of "making a book." But though he moved to some extent in sporting circles, it did not appear that he was a member of Tattersall's, or that he "did business" largely in the "ring." He might be occasionally seen at the betting-houses, and rumour whispered that he was a welcome customer at most of them, though the balance of profit and loss in his operations in that quarter was decidedly in favour of the proprietors of those attractive establishments, which subsequent legislation has since, in its capacity of guardian of the morals of the nation, thought it necessary to put down. That he had a City occupation was an ascertained fact, for regularly as the morning came a neat carriage and pair, or a brougham of the most approved and luxurious build, conveyed him to the neighbourhood of Cornhill, and there set him down. It was in vain to search the "London Directory," amongst the lists of bankers and great City merchants, for his name. It was not to be found. But the curious inquirer, who happened to be in Cornhill or Leadenhall Street when the carriage alluded to drove up, might observe, if he followed the occupant who alighted from it for about a couple of hundred yards, he would see him enter the Globe Assurance Office. Yes, Walter Watts was an *employé* in that respectable institution—not the manager with an income of £800 or £1000 a-year, but a simple check-clerk in the cashier's department, with a salary of something like £200 a-year, having been placed there by the interest of

his father, who for near forty years had filled with credit a comparatively subordinate position in the same office.

But £200 a-year would not pay for young Watts's gloves and cigars, much less his town-house and his country-house, his carriages and horses, his opera-box, his banquets, and his hundred other sources of expenditure, to say nothing of his theatrical speculations. Certainly not; but then Walter Watts had made a great discovery. He was a young man of great discernment, quick apprehension, and not over-burdened with moral principle. He found, in the conduct of the financial affairs of the Globe Assurance Company, an inexcusably lax system, which his ingenious mind saw might be made conducive to his own pecuniary profit; and, after some short consideration, he proceeded to turn it to account. His position gave him access to the most valuable of the books—the cheque-books and the banker's-books; and, by a system artfully conducted, he fraudulently obtained funds which, by passing through his own bankers lulled suspicion, to the extent of £700,000; and was, after all, only through a comparative accident discovered, though his expensive style of living, and his heavy theatrical engagements, which it was well known could only be conducted at a large sacrifice, should have long before attracted the notice of the directors, and led to the proper and necessary investigation. The City life of Walter Watts merged more in the duties of his office, where from ten till four he was supposed to be following the ordinary routine of official responsibility. His attendance, though punctual, involved no heavy labour; it was mere check work, which, from the loose system adopted, resolved itself into no check at all, and consequently he had the greater time and opportunity to arrange the preliminaries of those frauds which he subsequently followed out with so large a share of temporary success. These he no doubt at first perfected by a slow and gradual process; but confidence once attained by the ease with which he arranged his malpractices,

induced the perpetration of frauds which, originally commencing with hundreds of pounds, eventually terminated by turning those hundreds into thousands. His City life over, he frequented his West-end haunts, and divided his attention between sporting and other gay amusements, until he launched into that adventurous career as lessee of two theatres, having first adopted the Marylebone, and after the well-known "neat little house" in Wych Street.

Indeed, the most remarkable part of the career of Walter Watts was his connection with the London stage, over which, for a time, he exercised a really important influence. Of the drama he, it is averred, knew nothing whatever, either from a literary or from a practical point of view; but to the individual who has a taste for magnificence, and is fond of pleasure, the position of a theatrical manager will always have its fascinations. It was impossible for a London theatre to be more obscure than the house in Church Street, Marylebone, before the year 1847. The building was large and commodious enough, but the neighbourhood was and is diametrically opposed to prosperity. There is a high class which, if it patronizes the drama at all, visits the chief metropolitan theatres in private carriages; there is a class so low, that it scarcely has money to spend on the humblest pleasures. But an opulent middle class is altogether wanting, and it may be taken as a maxim, that in the absence of persons answering this description, the success of a suburban theatre is altogether hopeless.

In the autumn of 1847, however, the Marylebone Theatre was suddenly raised into celebrity by the announcement that it would be opened for the performance of the "legitimate" drama, under the management of Mrs. Warner. Some years before, Sadler's Wells had been opened for a similar purpose, and the experiment made in the Pentonville suburb by Messrs. Phelps and Greenwood resulted in a success which continues to the present day. Mrs. Warner, unrivalled in a certain line

of her profession, had been associated with Mr. Phelps in the direction of Sadler's Wells, when the change for the better took place; and if a similar reform was to be effected in the more northern suburb, the good work, it seemed, could scarcely have been entrusted to better hands. She was, moreover, completely at liberty, having retired from the theatre she had for some time adorned, and was, therefore, in a position to direct all her energies to a new sphere of action.

The great respect deservedly felt for Mrs. Warner, and the hope that a hitherto obscure theatre might, under proper management, become a home for the legitimate drama, rendered the opening of the Marylebone Theatre in 1847 one of the great "facts" of the day. The literary world, especially that portion of it which, dissatisfied with the lighter kinds of theatrical entertainment, is ever ready to expect a "good time," when the Elizabethan drama shall be rivalled by the Victorian, rallied in great force on the first night, and expectations were more than satisfied. The company, headed by Mrs. Warner, was quite up to the average level of talent; the appointments of the stage were of that tasteful kind that had distinguished Sadler's Wells since the days of its reformation; and the audience part of the house was marked by every attention to elegance and comfort. In a word, the task which Mrs. Warner had taken upon herself was most creditably performed.

The aristocrats of Marylebone might, without compromising their character for taste and gentility, have liberally patronized the theatre, thus opened in their neighbourhood; for the management was respectable to the highest degree, and the plays produced evinced a desire to render popular the intellectual and poetical drama. The works of the old English authors were ransacked for pieces that had not been witnessed for generations, and some of them were revived in unexceptionable style. At no house in London was a more lofty

standard maintained than at the Marylebone, but unfortunately a taint of vulgarity, the result of antecedents, clung to the edifice; the boxes remained unoccupied, and at the end of her first season Mrs. Warner laid down the sceptre she had so honourably wielded, convinced that every attempt to render the Marylebone a fashionable, or even "genteel" theatre, must end in disappointment.

The house, however, remained open under the management of Mr. Walter Watts, whose name was well-known in the establishment as the real tenant of the house during Mrs. Warner's management, but who had not hitherto been conspicuous in the eyes of the general public. The source of the wealth that enabled him to carry on a speculation that to most men would have been speedily ruinous, was a profound mystery, and the fact that he lived in a state of luxury at a house in St. John's Wood, with an occasional residence at Brighton, increased the singularity of his position. It was ascertained that he was a clerk at some large office in the City; but as this knowledge rather embarrassed than solved the question which his strange prosperity had raised, bold hypotheses were started and circulated on the interesting subject. Here intervened, for his especial behoof, the sort of gilded *bruit répandu* which so long sustained his credit and rendered his position comparatively secure. He was a fortunate speculator on the Stock Exchange, and there existed, it was said, a communication between him and the French government (then under King Louis Philippe), by which he received early and exclusive information for his guidance. This in turn served him, it was alleged, to have communication with our own authorities on special topics, of the knowledge of which he made good use. There were also successes on the turf, which increased the gain made by speculations in stocks and shares. Actors are not used to commercial affairs, and those at the Marylebone could not be blamed if they were willing to credit reports

that pursued the character of a man who was an excellent paymaster—if they had a cause for respect, when the directors of the Globe had no cause for suspicion.

During the season of 1848-9, Mrs. Mowatt and Mr. Davenport, two American artists, commenced an engagement at the Marylebone Theatre, where they had been preceded by several English "stars" of the first magnitude. The gentleman was affirmed to be the best general actor that ever visited us from the other side of the Atlantic; the lady was rather an accomplished amateur than a regular actress, and in her own country had enjoyed the fame both of a poetess and of a beauty. She came to England accompanied by her husband, and the letter of introduction that she brought with her at once procured her admission into the most unquestionably respectable circles. She and Mr. Davenport made their *début* at the Princess's Theatre, when under the management of Mr. Maddox; they then played at the old Olympic Theatre, when it was conducted on "legitimate" principles by Mr. Spicer; but it was not till the engagement at the Marylebone that the lady attained the full measure of her ability. In a long succession of known plays, she acted characters commonly awarded to artists of the first order; new works were written for the express purpose of displaying her talent; and a four-act drama from her own pen was one of the leading novelties of the theatre.

However, it was not so much by her exhibition on the stage, as by the combination of her professional with her social position, that Mrs. Mowatt gained her chief celebrity. Walter Watts, as manager of the Marylebone Theatre, did all he could to encourage the young and beautiful "star," who brought to his house a class of persons such as had never before assembled in the neighbourhood of Portman Market. Her dressing-room was fitted up with such exquisite taste, that, situated as it was below the stage, it resembled rather a

fairy grotto, than a closet in a minor theatre. There the queen of the evening, at the conclusion of some successful performance, would receive visits from ladies and gentlemen of high rank in literature and the arts; there also little suppers, in the most elegant and expensive style, were given to a select few.

Still, in spite of the excitement produced at the Marylebone, a permanent prosperity seemed unattainable, and Walter Watts wished to continue his theatrical speculations in a more central part of London. The Olympic Theatre, in Wych Street, Strand, having been burned down, a new house of more substantial material had been built in its stead, and this was taken by Walter Watts, with the intention of opening it on the "boxing-night" (Dec. 26) of 1849. Nevertheless, the performances continued at the Marylebone till within about a fortnight of this period, and, a few nights after they had ceased, Watts celebrated his retirement from the theatre he had managed with so much spirit, by giving a farewell ball and supper on the stage, to which all the company and many private friends were invited. It must not for a moment be imagined, that there was anything in these gaieties of the Marylebone Theatre that in the slightest degree violated the rules of propriety. The liberality with which the entertainments were provided was, it is confidently asserted, fully equalled by the decorum which prevailed throughout them all; and they were participated in by persons of both sexes upon whom the breath of suspicion could not rest for a moment. Walter Watts was, to all appearance, a kindly, free-hearted gentleman, who having an infinite quantity of money at his command, applied it to the laudable purposes of patronizing art and making his friends happy. If the source of his means was a mystery, there was no mystery about his expenditure. The brilliancy of the Marylebone Theatre was the subject of conversation all over London during the year 1849; the only

persons who knew nothing about it being, apparently, those chiefly interested, namely, the directors of the office in which he was a humble subordinate.

At the farewell ball given on the stage of the Marylebone Theatre, an incident took place, which partially reminded some present of the "Feast of Belshazzar." In the course of a dance, after the magnificent supper, that had seemed the crowning effort of the occasion, the dress of one of the young girls, a member of the *corps de ballet*, coming into contact with the foot-lights, caught fire in an instant, and the graceful figure that had appeared, a few minutes before, all animation and gaiety, was converted in an instant into a revolving mass of flame, from which piercing shrieks were issuing, and which was avoided by all the rest of the dancers, fearful that their light dresses would also have ignited. The accident did not prove fatal, as the young creature, after several weeks' illness, recovered under the medical care generously provided for her by Walter Watts; but the sudden change of a scene of mirth into a spectacle of terror, made a painful impression on many minds, and when the career of the host was brought to a sudden and violent termination, early in the spring of 1850, the thought of the farewell ball at the Marylebone Theatre, with all its attendant horrors, reverted to the memory as a sort of omen that had foreshadowed a future calamity infinitely more awful.

In accordance with the intentions of Walter Watts, the new Olympic Theatre, fitted up in the manner that in all essential particulars has continued to the present day, was opened with an efficient company on the 26th of December, 1849, and an address in verse, written for the occasion, was spoken by Mrs. Mowatt. The same style of management that had distinguished the Marylebone Theatre was likewise carried on at the Olympic, both on the stage and behind the scenes, with the exception that here everything was still more brilliant.

Works of literary pretensions were produced with admirable taste; the entertainments given to the friends and the recognized *habitués* of the establishment, were more costly than ever, and the only persons who had any cause to regard with disaffection the new establishment were the old theatrical managers, who suddenly found themselves in competition with a rival of boundless liberality, and apparently inexhaustible resources. From the very first night of the re-opening, however, the speculation was evidently a failure, and the box-openers of the establishment, who astounded the patrons of the house by the splendour of their liveries, were but very lightly employed. The histrionic force was great, novelty after novelty was produced; but in no one instance, not even in that of the Christmas pantomime, was a permanent success obtained. One essential qualification was wanting in the manager, and that was a knowledge of the business in which he had embarked. Even if his money had been honestly acquired, the constant excess of outlay over profit must have eventually led to bankruptcy.

Rumour, which had about this period been very busy with the fame of Walter Watts, raised many singular conjectures with regard to the manner in which he acquired his means. These were baffled and allayed for a time by the assertion of his friends and those countless parasites who always attach themselves to men who float on the tide of prosperity, and who are lavish in their expenditure and social enjoyments. It must be confessed they worked well in supporting the reputed wealth of their patron. The old stories of Stock Exchange speculation, successes on the turf, and other incidental adventures, were revived in the most exaggerated forms to prove that his money, if not honestly, was so far legitimately acquired, and seemed to satisfy and appease the lurking curiosity of the moment. But still the competition he had raised, and the profuse manner in which he entertained his friends—for many

of the latter enjoyed his hospitality, and then doubted either its necessity or prudence—gave rise to prejudicial surmises which subsequently became realized, and that in the most deplorable form.

Early in 1850, when the career of the Olympic was yet progressing, although its fortunes were far from brilliant as a pecuniary speculation, a report was spread that defalcations and abstractions had been discovered in one of the large assurance offices. For a day or two the statement was circulated without assuming any true form or substantiality, but very shortly one of those curt intimations that sometimes appear in the City articles of the daily journals, announced that the Globe Assurance Company was the establishment interested; that Walter Watts was the pronounced delinquent, and that the books would be immediately put under a course of strict investigation. But the allegation thus formally made was not implicitly believed, and his friends then again endeavoured to support his reputation by asserting, in the first place, that he would not be found to have committed the frauds; and in the next, reducing his position of responsibility by averring that, if he had interfered with the funds of the office, he could not be legally proved guilty, as he was, in fact, a partner holding shares in the office.*

The discovery of the frauds committed came like a thunderclap on the members of the theatrical profession. Here, then, the mystery of Walter Watts's inexhaustible wealth was solved at last. The bubble, which had glittered so brightly, was burst. But a few days before, a play, produced at the Olympic, had been dedicated by its author (a gentleman high in the literary world) to Mr. Watts, as a probable regenerator of the drama; and now the Mæcenas stood before the world as a mere vulgar

* This report no doubt arose from the position he himself assumed, as will be seen, by the report of the trial, in the evidence of Mr. Tite, the deputy-chairman of the company.

criminal. Among the members of his company there is reason to believe that this frightful change awakened feelings of unfeigned sorrow. His management had been obviously and notoriously imprudent, but his transactions in connection with his theatre had ever been distinguished by honour and integrity. To the very last he fulfilled engagements which he might easily have evaded, and no manager in London was less open to the imputation of sharp-practice or shuffling than Mr. Walter Watts.

Before quitting this remarkable but chief episode in the career of this "high-art criminal," attention should be called to one fact, the ignorance of which has furnished occasion to much calumny and injustice. Many persons have supposed that the theatrical speculations of Mr. Watts were the cause of his crimes, and on this account the position of Mrs. Mowatt has been fearfully misconstrued, especially by her own countrymen. Now, it is perfectly certain that Walter Watts was deeply involved in crime long before his managerial frauds began, and long, indeed, before the American artists, who acquired so much celebrity at his theatres, had quitted their native land. When they came to England, they found Watts the established director of a London theatre, at which the most respectable members of the theatrical profession had "starred;" and if his outlays were more than ordinarily profuse, Americans, whose personal style of living is described as elaborate, and even more than Parisian, had no right to be suspicious, when Englishmen, who had much better opportunities for forming a correct judgment, looked on without mistrust. As for the costly presents made to Mrs. Mowatt, and the splendid appointments of her dressing-room, they could scarcely astonish a lady fresh from a country where the adulation of talent is carried to an extent that seems almost ridiculous in Europe; and certainly, if any presents at all are within the limits of propriety, they are those that are made by a manager to his chief artist.

No sooner was the fact of the Globe frauds publicly announced, than the Olympic Theatre was closed, and the gay entertainments in Wych Street abandoned. For some few days Walter Watts remained at large, having, it may be said, almost defied the directors by asserting his position as a shareholder; and, with characteristic coolness, referred them to the treasury of the theatre, or his solicitors, if they desired further explanations. His conduct in the affair was extremely haughty, and when first charged with his crimes by Mr. Tite, the then deputy-chairman of the company, boldly declared his innocence; and having been informed that his books and papers had been placed under seal, and would be subjected to investigation, he still showed little or no concern, his *sang froid* never forsaking him throughout the whole proceeding. It was only necessary for the books to be cursorily searched, before it was evident that large abstractions had been effected, and that principally, in fact wholly, through the clever dexterity of Walter Watts. But while this was the case, it was, nevertheless, equally apparent that the system which prevailed had enabled him, with the exercise of some ingenuity, and a large amount of daring, to deprive the company of several thousands per annum. Immediately, therefore, the directors resolved to have him placed under *surveillance*, and he was without delay brought before the authorities at the Mansion House, and arraigned on the charge of having defrauded his employers. No moral doubt existed of his guilt, but in a legal point of view there were difficulties, he having destroyed, as far as possible, every trace of the irregular transactions in which he had been so long engaged. But the talent brought to the assistance of the directors helped them through this difficulty. At length, after several remands, Walter Watts, though well defended, and apparently confident of an escape from the hands of justice, was committed for trial at the next sessions of the Criminal Court.

While the criminal proceedings were yet pending, the directors of the Globe Office considered it necessary, for the justification of their character as the managerial body of a great public company, and for the future protection of the interests of their shareholders, to institute a thorough investigation into these frauds—the manner in which they had been perpetrated—the amount of loss they involved—and the system of book-keeping and check under which they had arisen, and by means of which they had been facilitated. They accordingly engaged the services of one of the most eminent accountants in the City of London for that purpose; and he, after devoting considerable time and attention to the subject, embodied the conclusions to which he had arrived in two reports. These documents were never published, as, it was contended, they could not serve any object beyond the gratification of curiosity, while they might possibly have tended to bring the management of the office into discredit by showing an inexcusable absence of proper vigilance and foresight. It is, however, understood that the task entrusted to the able professional accountant they selected, Mr. J. E. Coleman, embraced not only the most searching inquiry into past occurrences, but a full and complete examination into the whole system of account-keeping adopted by the office—the ability and, to a certain extent, the conduct of its officers—and to the suggestion of such changes and improvements as should afford efficient security against the repetition of similar delinquencies.

The first report, which was laid before the Board somewhere about the close of the month of March, 1850, is presumed to have been merely of a preliminary character; but it is said to have contained the important facts, that the defalcations during the year 1849 alone amounted to upwards of £18,000; that in the receipt department of the office there was no effective check against fraud, although, owing to the integrity of the officials, no fraud had taken place; and that in the accountant's office,

in which Watts was employed, the extraordinarily lax practice prevailed of making the banker's pass-book the foundation of the entries in the books of the company, instead of the documents referring to the payments ordered, so that if the person having the custody of the pass-book chose to falsify it, the false entries were transferred to the general books of the office, and thus made to cover abstractions effected through the bankers. Of this laxity Walter Watts, who was the custodier of the pass-book, and part of whose duty it was to check it, took advantage, and by its means was enabled to carry on for years, without detection, a systematized scheme of robbery, which, for extent and daring, was, up to that date, unparalleled in the history of any public company, though it has since, in more than one instance, been imitated with proportional success.

The second report of Mr. Coleman was presented to the directors some two months later, and, as a matter of course, went narrowly and in detail into the *modus operandi* of the enormous abstractions, the key to which had only been arrived at after the most patient and laborious investigation of all the policies, claims, counterfoils of cheques, dividend warrants, and vouchers of every accessible kind relating to the payments which had been made through the bankers during the period of Watts's connection with the institution. Without vouching for the exact accuracy of the figures, which, in the absence of the official document itself, is impossible, the exceedingly ingenious manner in which Watts contrived to make the loose and unbusiness-like system of check which prevailed at the office subservient to his nefarious designs, may be best explained by a single instance. A cheque, say for £554 10*s*., represented as for annuity No. 6, was drawn and paid by the bankers, and entered by them in the pass-book. When the book came into Watts's hands, he erased the 55, thus making the payment appear £4 10*s*.; and in order to mystify the matter further, he altered the number of the annuity to 64 by adding the figure 4. But, in point of

fact, no such claim existed against the company at the time, as annuity No. 6, and the payments on annuity No. 64, having been previously made, a fictitious claim of £4 10*s.* appeared in the pass-book as paid, in order to provide facilities for covering the abstraction. But the difference of £550 being still left between the payment, as it appeared by the falsified entry in the pass-book, and the actual amount paid, Watts had to find some means of covering the discrepancy, in order to avoid detection. For this purpose he selected a trifling fire-loss, say of £7 10*s.*, which had been paid some time before, but which had not yet been passed, and falsified that entry in the pass-book also, by adding to it the £550, making it appear that £557 10*s.* was the sum which had been paid, and thus, by making the total addition in the book correct, perfecting the cover for the fraud.

In the same way, it is affirmed, he tampered with the dividend account, falsifying the figures, as entered in the bankers' pass-book, to the extent of £1500 on one half-year's dividends, which sum he drew and transferred to his own pocket. It is averred that Mr. Coleman, the accountant, succeeded in tracing abstractions effected in this way between August, 1844, and February, 1850, when the first discovery of Watts's delinquencies was made, to the almost incredible extent of nearly £70,000; and that so thoroughly systematic were his arrangements, that the balance of cash at the bankers at the date showed a discrepancy of under £10,000, which for the most part was temporarily covered by false additions in the pass-book, until an opportunity offered of altering individual entries that might suit his purpose, previously to their permanent transference to the general books of the company, when detection need no longer be apprehended.*

* Those who have seen the bankers' book, allege that it presented a mass of erasures and alterations which should, whenever it was before the board, have at least created suspicion, if it had not at once led to detection.

What were the results of the inquiry in other respects is not known. Whether the very defective system which enabled Walter Watts for between five and six years to pursue regularly such a course of gigantic fraud, without any discovery of losses which must have so sensibly affected the financial position of the company, and which, even with the rudest mode of bookkeeping and checking of account, it would be thought impossible for any lengthened period to conceal,—was of recent introduction, or whether it had existed from the first establishment of the company, remains, as far as the public, and probably as far as the Globe shareholders, are concerned, in doubt. There can be no question, however, supposing the information from which the foregoing account has been compiled to be correct, that the practical mind of the accountant suggested the adoption of those simple and obvious checks, in regard to payments made through the bankers, which are calculated to afford sufficient security against the drawing of cheques, or the passing of entries without the production of the vouchers and documentary proof necessary to guarantee correctness. There has been no actual charge of connivance against any officer of the company in Watts's crimes; still it is difficult to conceive how the pass-book could be constantly tampered with by erasures, and by additions altered and re-altered, without attracting attention. Still more extraordinary is it that payments should continue to have been passed, by those of the directorial body who superintended the financial affairs of the company, upon fire and life losses, without any reference to the policies or the claims sent in and certified by the proper officer; or that auditors, appointed to make periodical examinations into the accounts, should have overlooked the very suspicious appearance which both the pass-book and the fire and life loss-book must have presented, and thus permitted a course of wholesale robbery to go on for years, which threatened to bring one of the most flourishing companies in London to the verge of insolvency.

The remainder of this miserable history is soon told. The criminal sessions arrived, and the culprit was placed at the bar of the Old Bailey, and there the evidence was most complete, but still legal difficulties intervened; and although he was convicted of having stolen "a piece of paper of the value of 1*d.*," the property of the Globe Assurance directors, sentence was deferred on points raised involving the consideration of the proper framing of the indictment. It was not long, however, before these questions were set at rest, having been decided against the prisoner; and at the next sessions of the court he was called up for judgment, and sentenced to ten years' transportation. From what subsequently transpired, it is quite certain that Walter Watts did not expect so severe a judgment on his crimes. He had been induced to suppose, whether under proper advice or not, that a twelvemonth's imprisonment would be the limit to which he could be assigned by the law of the land; but the fact was otherwise, and when the sentence was pronounced by Mr. Baron Alderson, it was remarked that his previous strength and assurance immediately departed, though it was not replaced by apparently deep and settled gloom. The despondency of that memorable afternoon, the resolve to terminate his existence, and the accomplishment of his object in the dead of the night while confined in the ward with his fellow-prisoners, brings to the close the career of this unhappy man, the blind victim of unhallowed passions which tempted him to the commission of these frightful frauds.

THE TRIAL OF WALTER WATTS.

CENTRAL CRIMINAL COURT, MAY 10, 1850.

OLD COURT.

(*Before Mr. Baron* ALDERSON *and Mr. Justice* CRESSWELL.)

Walter Watts, 33, was indicted for stealing an order for the payment of £1400, the property of George Carr Glyn, to whom he was servant.

The indictment contained a great number of counts; in some of them the instrument in question was laid to be the property of Mr. Glyn, as treasurer of the Globe Insurance Company, and in others as belonging to Edward Goldsmith and William Tite, the chairman and deputy-chairman of the society.

In another set of counts the prisoner was charged with stealing a piece of paper, the property of the same prosecutors.

The Attorney-General, Mr. Clarkson, Sir J. Bayley, and Mr. Bovill appeared for the prosecution; Mr. Cockburn, Q.C., Mr. Bodkin, and Mr. Bramwell defended the prisoner.

The Attorney-General, in opening the case to the jury, said, that although the indictment contained a great number of counts, the charge against the prisoner in reality resolved itself into this, that while employed as a clerk and servant to the Globe Insurance Company, who were the prosecutors, he had embezzled and stolen a valuable security of the amount of £1400, the property of his employers. He was sorry to say that the facts lay in a very narrow compass, and would appear to be quite conclusive, and he believed that the case would eventually resolve itself into a question of law. The jury were aware that the Globe Insurance Company had carried on for a great many years a most extensive business both in fire and life insurances, and the prisoner had been for several years in their service as clerk. He was the son of a gentleman who had held a responsible office in the company almost from the period of its establishment, and he was instructed now to state, on behalf of that gentleman—and it was due to him to do so—that the directors entirely exonerated him from the slightest suspicion of being in any way connected with this unfortunate transaction. The Attorney-General then proceeded briefly to state the circumstances under which the charge was preferred. He said that the directors were in the habit of drawing cheques upon their bankers, Messrs. Glyn and Co., Mr. Glyn being also a director of the Globe Insurance Company, to pay different claims; and it appeared that on the 26th of February a cheque of this description for £1400 was found to be in the possession of the prisoner, by his having paid it in to his own account to the London and Westminster Bank. The cheque was paid in due course by Messrs. Glyn, and was then returned with a number of others, with the pass-book in which the cheque in question was entered, in the ordinary course of business, to the prisoner; and he should be able to show that the entry relating to this cheque had been erased, and the cheque itself abstracted, and either destroyed or made away with in some other manner, as nothing had been seen of it since. It was under these circumstances that the present charge was preferred against the prisoner; and he had only to state, in addition, that in consequence of a communication that was received by the directors, an inquiry and investigation took place which led to the discovery of

more irregularities, and the prisoner was questioned upon the subject, but after attending one or two meetings resigned his situation. These were the facts, and he believed that the defence that would be relied upon was, that the prisoner had some small share or interest in the company, and that being in consequence in the position of a partner he was not amenable to the charge of larceny; but, if such should be the case he had no doubt that under the present form of indictment he would still be liable.

Mr. F. Rockley deposed that he is one of the clerks in the London and Westminster Bank. On the 26th of February the prisoner had an account at that bank, and on that day a cheque for £1400 was paid to him, but whether it was one of the Globe Insurance Company he could not say. It was placed to the credit of the prisoner. There was a clerk named Hobson in the service of the Westminster Bank, and he placed the cheque in due course for that clerk to pass the cheque. Witness had no recollection of the person by whom the cheque was brought, but he received a memorandum with it, which he produced, upon which was the name of the prisoner in his handwriting, and also the words "Messrs. Glyn and Co.," and the figures "1400," in the same character of writing.

By Mr. COCKBURN.—Having the two together, the signature and the other words and figures, he was of opinion they were the handwriting of the prisoner. Unless he had the opportunity of this comparison, he should not like to speak positively to the handwriting being the same.

The memorandum was put in and read. It was to the effect that a sum of £1400, by a cheque on Glyn and Co., had been paid into the London and Westminster Bank by the prisoner on the 26th of February.

Mr. J. Hobson, another clerk in the London and Westminster Bank, produced a book containing the entry of the cheque for £1400 upon Messrs. Glyn and Co. He also proved that he presented the cheque with a number of others to Messrs. Glyn and Co., and received altogether the amount of £4269 16*s.* 10*d.*, and handed that sum to the London and Westminster Bank.

Mr. W. Steel, clerk to Messrs. Glyn and Co., deposed, that he paid the cheques brought by the last witness. The Globe Insurance Company had for several years kept a drawing account with them, and they had a special form of cheque. One of these cheques, for £1400, was among the checks that he paid to the last witness.

By Mr. COCKBURN.—He did not state this fact from his own knowledge, but by the entry in the books.

By Mr. BOVILL.—There was only one cheque for £1400, among those to which he referred.

Mr. J. Santry, another clerk to Messrs. Glyn, produced a book containing the entry of a payment of a cheque for £1400. He said, he believed

it was a cheque because it was an afternoon transaction—bills were generally presented in the morning.

Mr. Cockburn took several objections to the course of examination that was pursued, contending that the witnesses ought only to be allowed to speak from their own recollection, and not to be permitted to draw an inference from entries in the book.

Mr. H. B. Reynolds, the ledger-clerk at Messrs. Glyn's produced the ledger for the present year, and proved that it was his duty to enter the cheques that were paid over the counter. He also proved that there was an entry on the 26th of February of a cheque for £1400 of the Globe Insurance Company having been paid with several others.

In answer to a question put by Mr. Cockburn, the witness said he had no personal recollection of such a cheque; but he had no doubt of the fact of such a cheque having been paid on that day from seeing the entry and his knowledge of their usual course of business.

Mr. Reynolds then proceeded to state that he placed the cheque to the debit of the Globe Company. It was the custom of that company to send their pass-book to be made up every Tuesday night, and all the debits and credits of the company were made up, and witness checked and dotted every item, and the paid cheques were then placed in it, and it was fetched away every Wednesday. He said he was quite certain he should not have passed such an item as a cheque for £1400 if it had not been produced, and that the pass-book must have corresponded with their ledger. Upon looking at the pass-book, he said that an item, which according to the list of entries in the ledger should have been that of the cheque for £1400, had been erased.

In answer to a question put by one of the jury, the witness said that the ledger was compared with the pass-book by himself and another clerk who called out the different items, and if there had been any variance there would have been an immediate investigation respecting it.

Henry Probyn, messenger to the prosecutors, deposed that it was his usual duty to take the pass-book to the bankers on the Tuesday and fetch it again the following day, and to give it to the prisoner when he brought it back. He had no doubt he did so in February last, but he had no personal recollection of the matter.

Mr. W. Tite deposed, that he was the deputy-chairman of the Globe Insurance Company, and that Mr. G. C. Glyn was the treasurer, and Mr. Edward Goldsmith the chairman of the company. The prisoner in February last was a clerk in the service of the company, and he was appointed to that office in the usual manner by the directors. The principal duty of the prisoner, who was assistant-clerk in the accountant's office, was to check the payments at the bankers' and the bankers' pass-books, and every Wednesday morning he had to give a statement to the directors of the balance in hand at the bankers', in order that they might see the state of

the funds of the company, and provide accordingly. When the cheques that were returned from the bankers' were verified, it was the duty of the prisoner to tie them up in a bundle in regular order, so that they might always be referred to as vouchers both for the bank and the company. In the latter end of 1848 and the beginning of 1849 he received information that the prisoner had embarked in some theatrical speculations and witness remonstrated with him upon the impropriety of a person in his position being connected with such matters. Witness had understood that he was connected with the Olympic Theatre at the time he made this communication to him. On the 4th of last March the secretary made a statement to him relating to irregularities in the pass-books and other matters, and an investigation was immediately set on foot, and the cheque for £1400 was sought for, but could not be found among any of the vouchers. Witness immediately sealed up the whole of the prisoner's papers, and while he was doing so he came in, and witness told him to go to his own private room, and he then sent for his father, who was the cashier to the company. Witness, in the presence of both, then said that great irregularities had been discovered in the cash transactions of the office, and before he took any step in the matter, he thought it right to call them both before him, as he thought they must both be involved in them. The prisoner asked him what he accused him of, and witness replied that he made no accusation, but his own conscience would tell him more than he (witness) could possibly know at that time, and he added that it was evident that very large sums had been abstracted from the funds of the company. The prisoner's father vehemently protested his innocence, and declared that every shilling that had passed through his hands had been punctually paid to the bankers, and witness believed that was true. Witness then asked the prisoner if he could say the same thing, and he replied that he declined to say anything. Witness said he would leave the father and son together for ten minutes, and when he returned at the expiration of that time, he found they were gone; and shortly afterwards he met the prisoner on the stairs, and he said that he had been disgraced in the office by having his papers sealed up, and he asked witness to seal up all the other books and papers of the company. He replied that he should use his own discretion as to that, and the prisoner then said he was a proprietor as well as witness, and he had done nothing that he need be ashamed of, and he would not stop there. Witness told him not to bluster, and that he had formed a very bad estimate of his character if he thought it would have any effect upon him, and the prisoner then went away and did not return. Witness afterwards received a letter from the prisoner resigning his appointment.

The letter was put in and read. It was dated March 6, 1850, and was to the effect that after the accusation that had been brought forward against him on the previous day, he (prisoner) felt that he had no alternative but

immediately to tender his resignation; but at the same time expressed his thanks for the kindness he had received from the company for many years. He also stated that, if he was wanted, he should be found during the day at the Olympic Theatre, and if he went out he should leave word when he would return.

Cross-examined by Mr. COCKBURN.—Prisoner had been more than ten years in the service of the company. He held two shares, and witness presumed that he received the dividend upon them. Before any cheques were drawn for fire or life losses, the claims were examined and submitted to the treasury committee, and every cheque was signed by the chairman or deputy-chairman and two of the directors, and countersigned by the cashier or secretary. A book was kept for the purpose of making entries of all such transactions, and entries were made of every cheque in several other books. The book kept by the committee would show the particulars of every transaction, and of every cheque that was signed in the course of the business. He was aware that the prisoner surrendered to meet the charge, but did not know that he made an appointment to do so.

Re-examined.—The prisoner would not, in the ordinary course of his business, have access to the book in which the cheques were kept, but he might have done so. Several leaves appear to have been torn from that book.

Mr. Ellis, clerk to Messrs. Freshfield, the solicitors for the prosecution, proved that he served a notice upon the prisoner to produce the cheque in question, and a number of other papers.

Mr. J. Ashby, ledger clerk at the London and Westminster Bank, proved that the prisoner drew upon the £1400 check, and that there was only a balance of £20 11*s.* 9*d.* at present in his favour.

The ATTORNEY-GENERAL then put in the Act of Parliament under which the company was formed, and this closed the case for the prosecution.

Mr. COCKBURN then submitted that the prosecution must fail, inasmuch as the prisoner was a partner in the company, and therefore could not be charged with larceny, or stealing part of his own property. The learned counsel cited several cases where the members of benefit societies had been indicted for stealing a portion of the funds, and in which juries, upon the facts, had returned verdicts of "guilty," which had afterwards been reversed, upon the ground that the parties stood in the position of co-partners, having a joint interest in the funds, and therefore could not be convicted of stealing their own property.

The learned JUDGES, without hearing the Attorney-General in reply to the objection, overruled it, upon the ground that the present case differed entirely from those that had been cited. They said it appeared to them that where the body of proprietors of a company invested a portion of their

body with the possession and management of property of this description, the act af any person, notwithstanding he might be a proprietor, dispossessing persons in that position of the property so entrusted to them, amounted to larceny. The case would have been difficult if the property had been laid in the company generally, but here it was alleged to be in the persons whose names were mentioned; and they were clearly of opinion that this was sufficient to support the charge of larceny.

Mr. Justice CRESSWELL then addressed the Attorney-General, and said, that this point of law being disposed of, he should wish to know what facts he relied upon to support the charge in the indictment.

The ATTORNEY-GENERAL said, he considered the paying in of the cheque to the prisoner's bankers, and the erasure of the entry in the pass-book, were strong facts for the consideration of the jury.

Mr. Justice CRESSWELL remarked, that there was no evidence that such a cheque as the one in question had ever been drawn by the Globe Company, or had ever been in existence.

The ATTORNEY-GENERAL submitted, that some such instrument, whether a genuine one or not he could not of course pretend to say, was clearly proved to have existed, and to be in the possession of the prisoner, and he had had notice to produce it.

Mr. Justice CRESSWELL asked, that supposing it had existed, and was a genuine instrument, what proof was there that the prisoner had stolen it? What evidence was there to show that he might not have obtained it in the regular course of his affairs from the person who was really entitled to it?

The ATTORNEY-GENERAL said, that that was evidence for the jury to consider. He then proceeded to contend that, supposing the Court should reject the counts describing the instrument as a valuable security, there was ample evidence to support those which charged the prisoner with stealing a piece of paper, the messenger having clearly proved that he delivered the cancelled cheque to the prisoner, who had afterwards made away with it, and this, he submitted, was sufficient to support the charge of larceny.

Mr. Justice CRESSWELL, after some further discussion, said, he would let the case go to the jury upon the count for stealing a piece of paper, although at the same time he must say he believed his ruling would be wrong. It would, however, be the means of carrying the question before the new Court of Appeal, where it would be disposed of without delay, if the jury, upon his ruling, should say that the prisoner was guilty. The counsel for the prisoner would, of course, however, have the right to address the jury upon the facts.

Mr. COCKBURN accordingly briefly addressed the jury, and commenced by observing that in the course of his experience he had never before seen a case for a prosecution introduced in such a mysterious and extraordinary manner as this had been; and he submitted that it was quite clear the

prosecutors had some motive or object in laying it before the jury in such a manner, and in excluding all the information which ought to have been given upon the subject. It was the main principle of the criminal law of this country that those who sought to establish the guilt of a party accused were bound to lay all the facts within their knowledge before the jury; but it was idle to say that this had been done in the present case. Why did not the prosecutors give the jury some information upon the subject of this supposed cheque? They had all the books and documents in their possession, and of course had ample means to do so, but, instead of producing such evidence, they contented themselves with merely putting certain facts before the jury, hoping that they might, by some means or other, induce the jury to return a verdict of guilty against the prisoner. With regard to the other charge, of stealing a piece of paper, he submitted that it was trumpery and ridiculous, and he therefore called upon the jury to acquit the prisoner altogether of the charge made against him.

Mr. Justice CRESSWELL then addressed the jury, and, after observing that the Court was clearly of opinion that the first count which described the instrument as a valuable security, could not be supported, because there was no evidence that such a cheque as the one alleged to have been stolen was ever in the possession of the prosecutors, said that the only point the jury would have to decide was, whether the evidence satisfied them that the prisoner had stolen a piece of paper; and upon that question he should for the present purpose direct them that, if they thought the evidence that the cancelled cheque had come into the possession of the prisoner from the messenger, and that he had converted it to his own use by destroying it, or in any other manner depriving the prosecutors of it, satisfied them of the fact, they would be at liberty to find the prisoner guilty upon this count.

The jury retired at half-past three o'clock. They were in deliberation more than an hour, and then returned into court and gave their verdict, finding the prisoner *Guilty* of stealing a piece of paper.

Mr. Justice CRESSWELL said, he should reserve the point as to the sufficiency of the count—a question for consideration by the Court of Appeal.

The ATTORNEY-GENERAL said there were several other indictments against the prisoner, but he should not take any further steps regarding them until the present indictment was formally disposed of by the decision of the Judges upon the point of law.

CENTRAL CRIMINAL COURT, JULY 10, 1850.

(*Before Mr. Baron* ALDERSON, *Mr. Justice* PATTESON, *and Mr. Justice* TALFOURD.)

Walter Watts was placed at the bar. It will be remembered that this prisoner, who was formerly a clerk in the Globe Insurance Com-

pany, and also for some time the lessee of the Olympic and Marylebone Theatres, was tried at the May session of this Court for stealing a cheque for £1400, the property of the above company. A great many technical objections were taken in the course of the case, and the jury eventually found the prisoner guilty of stealing a piece of paper, but the point of law was reserved for the consideration of the Judges, whether the circumstances of the case would legally justify such a verdict. This point has since been decided against the prisoner, who was now brought up to receive sentence upon the conviction.

The ATTORNEY-GENERAL, who appeared for the prosecution, said that before judgment was pronounced, he begged to remind their Lordships that there were three other indictments against the prisoner, and he should wish the Court to read the depositions in these cases, in order that they might be aware of all the circumstances before they passed sentence. His object in making this application was that the public time might be saved, because in one event he might feel himself compelled to proceed with some of the other cases.

Baron ALDERSON said he had no objection to postpone passing the judgment, but he should have no opportunity of consulting Mr. Justice Cresswell, who tried the case, as he had set out on his circuit. Although he did not quite concur in the decision that had been come to by the Court of Appeal, yet all he had now to do was to pass the sentence that had been fixed. He would, however, look at the depositions in the other cases, and sentence would probably be passed upon the prisoner in the course of the session.

SENTENCE OF TEN YEARS TRANSPORTATION.

CENTRAL CRIMINAL COURT, JULY 12, 1850.

(*Before Mr. Baron* ALDERSON, *Mr. Justice* PATTESON, *and Mr. Justice* TALFOURD.)

Walter Watts was this morning placed at the bar to receive the judgment of the Court.

Baron ALDERSON, in passing sentence, said that the prisoner had been tried at the May session of this court before himself and his brother Cresswell for the offence of robbing to a very great extent the Globe Assurance Company, to whom he was servant, and a point of law had been reserved for consideration by the Court of Criminal Appeal. The count upon which the jury had found him *Guilty* apparently referred to a very trifling offence —namely, stealing a piece of paper, that piece of paper, however, being in fact a cheque. The point that was reserved had since been fully argued, and

the Court had decided it against him, but, as the reasons for that decision were given very fully at the time by the late Chief-Justice of the Common Pleas, he did not think it necessary to repeat them on this occasion, but should at once proceed to pass sentence. The Court had taken most seriously into consideration the extent to which they ought to go in the punishment. The offence upon the face of the record appeared to be a very trifling one, but it was perfectly clear that the act of taking the piece of paper involved an offence of a very serious character, and that the object of taking away this cheque was to prevent a discovery that he had misappropriated the money which that cheque represented, and that, in point of fact, he had stolen a sum of £1400 upon this one occasion, and it was very probable that upon other occasions he had stolen a great deal more. The Court would therefore pass sentence upon him for what he had really done, and not for the particular offence as it appeared upon the record. It appeared quite clear that this cheque was either forged—indeed this was most probable—or else that he had stolen a genuine cheque, and feloniously appropriated the proceeds to his own use; and the object of stealing the piece of paper, or cheque, afterwards was to prevent discovery. In either of the cases he had suggested, the prisoner was guilty of a very heavy and serious offence, and he wished it to be understood that, in the severe sentence the Court was about to pronounce, they were punishing him for the real offence he had committed, and not for merely stealing a piece of paper.

The prisoner was then sentenced to be transported for 10 years.

THE SUICIDE AND INQUEST IN NEWGATE.

On Saturday, July 13th, two inquests were held in one of the prisoners' dining-rooms in Newgate by Mr. W. J. Payne, deputy-coroner, and a jury of twenty-three citizens. The first was on the body of Daniel Blackstaff Donovan, aged thirty-three, an ex-pugilist; the second on the body of Walter Watts, also aged thirty-three, recently clerk in the Globe Insurance Office, and formerly lessee of the Marylebone and Olympic Theatres. On Friday the 12th, Donovan was tried at the Central Criminal Court, and sentence of death recorded against him; and the same day the deceased Watts was brought up for judgment, and sentenced to ten years' transportation.

Mr. Under-Sheriff Millard and Mr. David Wire were present during the two investigations.

[In the case of Donovan it has not been considered necessary to give the evidence, but the fact of the double suicide is noticed as showing the similarity of effect produced by the respective sentences on the respective prisoners.]

Mr. Cope, the governor of the prison, examined.—Deceased was brought up on the 16th of April last on two charges, for stealing an order for £1400, and a piece of paper, value 1*d*. He was tried at the following May sessions of the Criminal Court, and judgment was then respited on a point of law. Judgment was given on Friday morning, and the sentence was transportation for ten years. I do not know whether the judgment of the Court of Criminal Appeal, which was adverse to him, was made known to him until he was finally brought up for judgment to receive sentence. His health was bad when he first came into the prison, and he was under the doctor's care and in the infirmary ever since. I was in the court when the final sentence was passed on him, and he appeared to be in pretty good spirits after he had heard the sentence. I did not think he appeared at all depressed. In my books he is described as a clerk, and his age is recorded to be thirty-three. After the sentence had been passed, he was taken back into the infirmary, where I saw him on Friday evening. The occurrence happened in the middle of the night, and until a quarter to four o'clock this morning I knew nothing of it, when I was sent for. There were four prisoners in the same room with him, and Waldon, the infirmary assistant, slept in a room adjoining. When I was called they told me he had been dead for some time.

William Smith, a prisoner, examined.—I was in the infirmary last night, and I know the person who is dead, Mr. Watts, who was also there. I have been in the infirmary since last Tuesday, and had conversations with deceased, who appeared in excellent spirits. I saw him soon after he was sentenced, and he did not appear at all different from what he had been before. I never heard him complain of anything being the matter with him. I slept three beds off from him. I and he went to bed about a quarter to nine last evening. He did not eat much supper, but he took some medicine about five minutes before he went to bed. Mr. Waldon gave it to him. Before he went up to the Central Criminal Court on Wednesday morning last, he said that he expected to be imprisoned for twelve months. On that day he was not sentenced, and he said the Judges were not satisfied with Mr. Justice Cresswell's decision, and that they would write to him into the country, where that learned Judge then was, and that he (Watts) was ordered to come up again on Friday. On that day, when he came back to the infirmary, he said he had got transported for ten years, but he seemed as usual. He also said that he had expected that sentence after what the Judges had told him on Wednesday morning. I went to bed at nine, and woke again at twelve o'clock last night. All was then quiet. I woke again at three, and lay awake until a quarter to four this morning. I then turned round in my bed, and missed Mr. Watts, and, seeing his slippers and boots under his bed, I then thought something strange was the case, and being sure that he had not got up between three o'clock and a

quarter to four, I suspected that something was wrong. I awoke the prisoner next to me, and communicated to him my suspicions. He immediately jumped out of bed, and went to the water-closet at the other end of the infirmary, and he called for a knife, saying Mr. Watts was there hanging quite dead and cold. I went—the other prisoner's name was Shipton—and saw Mr. Watts there. We rang the bell for the officer. Deceased was hanging suspended by a bit of cord fastened by the side of his neck from some bars across a window, which was over and by the side of the water-closet. The feet of deceased were just touching the ground, and were tied together with a silk handkerchief. He was hanging about a foot from the seat of the water-closet. I think I could reach the bars of the window from the ground; he was hanging quite perpendicularly, with his back to the wall, and his eyes wide open. When we called for assistance, Mr. Waldon came with a knife, and deceased was cut down, and Shipton took him and laid him on the floor of the infirmary. A doctor was sent for, although Mr. Watts was quite dead. He was in his shirt, with a napkin on his chest, and a locket suspended from his neck.

By a Juror.—I believe the rope was cut out of the sacking of the bedstead. It corresponded with a piece that was wanting. All the knives are given back after every meal, and deceased had one to cut his dinner and supper with on Friday. I never heard him say anything about doing away with himself—quite the other way. He was always in full spirits, and did not appear to me to be ill.

By Mr. David Wire.—I am certain that during the three-quarters of an hour that I was awake, deceased did not go to the water-closet.

Mr. M'Murdo, chief surgeon to the prison, examined.—Deceased was first brought under my notice and care at Giltspur Street prison, whither he had been remanded before he was brought here. He was then in a state bordering on *delirium tremens*, caused by drink. People are not of sound mind at such times, and he asked for some brandy when he came in, saying that he had been in the habit of drinking large quantities. When I remonstrated with him on that habit, he told me he had done so to prevent the recurrence of a spitting of blood which affected him. I thought he was too much excited then to reason with him, and I put him in the infirmary of the Compter at once, and I found it necessary to give him some stimulus, as he was accustomed to a considerable quantity of it. He remained under my care in the infirmary of that and this prison throughout the whole of his imprisonment, until his death. I saw him in Newgate daily, and so did my assistant and my son, who is also a surgeon. He had been getting better since he was imprisoned, and had become more cheerful. He had taken medicine, and was able to bear the diminution of the stimulus at first administered, and was in good spirits apparently. He was very cheerful throughout, and very well conducted towards all. He was continually

complaining of headaches, but said they were diminishing, and I still thought it right to keep him in the infirmary. He was a very excitable person, but it is very difficult to say whether an unexpected sentence would derange his brain or not. He frequently repeated that he had had a great deal of difficulty about his theatres and in other ways.

Robert Shipton, a prisoner in the infirmary, examined.—I spoke to Mr. Watts somewhere about nine o'clock on the Friday evening. Our conversation was about the prison rules. We went to bed without wishing one another good-night; which was not usual. He appeared very cheerful, as was his custom. I went to sleep, and was awoke in the morning, at a quarter to four o'clock, by William Smith, who said that Mr. Watts was not in bed nor in the ward. I jumped up in a fright, and made the best of my way to the water-closet, the only place I thought he could go to. When I opened the door I saw him hanging by a piece of rope from the first crossbar of the window, which is in part over and part by the side of the seat of the water-closet. I immediately called out for a knife, and whilst they were bringing it, I took hold of his hand, and found it quite cold and stiff. The officer brought the knife, and I held the body up and he cut the rope, and I took deceased into the infirmary. He was quite dead, and I carried him in my arms like a piece of timber. I have been in the infirmary five weeks, and the knives we use at our meals are always taken away and put into a cupboard.

Mr. Sewell, the assistant-surgeon, said, that he was called that morning a little before four o'clock. He came immediately to the prison, and found deceased quite dead, and he must have been so for two or three hours previously. There was a mark on the neck. Deceased's face was very much congested, and he had been bleeding from the nose, all which were symptoms of death from hanging. Saw deceased daily, and concurred in the opinion of Mr. M'Murdo. Thought that the pains in the head, of which deceased complained, were caused by a diseased condition of the brain, and that was produced by hard drinking.

After a few remarks from the coroner, the jury immediately returned an unanimous verdict of "Temporary Insanity."

CHAPTER IV.

THE DELINQUENCIES OF MESSRS. STRAHAN, PAUL, AND BATES.

The Surprise created by the Failure—The Blow to Confidence in the Private Banking Interest—The Antecedents of the House—The Position and Relations of the Partners—Social Standing of Mr. Strahan, and the Religious Habits of Sir John Dean Paul—Distressing Disclosures respecting the Appropriation of Securities—The Bankruptcy of the Firm, and subsequent Criminal Proceedings against the whole of the Partners.

Amongst the *causes célèbres* which the annals of commercial crime in our own time supply, none has created a more widespread interest than the case of Strahan, Paul, and Bates, the ex-bankers.* Not so extensively ruinous, perhaps, in its results

* The name of this firm was originally Snow and Walton. It was one of the oldest banking houses in London, second only to Child and Co., who date from 1640. At the period of the Commonwealth, Snow and Co. carried on the business of pawnbrokers, under the sign of the "Golden Anchor." The firm about the year 1679 suspended its payments, in common with most of the London bankers, owing to the circumstance of the seizure of their money by that most profligate and unprincipled monarch, Charles II. On a recent examination of the books of Strahan and Co., one was discovered of the date of 1672, which clearly shows that the mode of keeping accounts in those days was in decimals. It is curious to observe the nature and quality of the articles pledged by our ancestors with this house. They were of a miscellaneous and somewhat comical character. One of the entries in the book runs thus:—"March 10, 1672.—To fifteen pounds lent to Lady ——, on the deposit of a golden *pot de chambre*." The blank might be filled up with an existing Scotch title. About twelve years ago, Mr. Strahan changed his name from Snow to Strahan, in consequence of the then late Queen's printers having left him £180,000, on condition of his taking that name, previous to which the title of the firm was Snow, Paul, and Co.

as that of the Fauntleroys*—less remarkable for its bold, unblushing, and unmitigated turpitude than that of Rowland

* Marsh, Stracey, Fauntleroy, and Graham failed in 1824 for £799,028, and in sixteen years paid a dividend of 10*s.* 10*d.* The firm was established in 1792 by Messrs. Marsh and Sibbald, neither of whom possessed banking experience or adequate capital, and who, therefore, very speedily put the customers' money in jeopardy to the extent of £20,000 bad debts. To retrieve and prevent future loss, two experienced bank clerks, Mr. Fauntleroy and Mr. Stracey, were taken into the concern, and the senior partners entered on a course of speculation. But a bolder hand being wanted, Mr. Fauntleroy's son, a clerk in the house, was admitted into the firm, and became managing partner. Under his auspices the bank turned brickmaker and builder, and gave large assistance to adventurers in those professions. Yet affairs did not mend. Worthless accounts were obliged to be kept up by renewals of worthless bills. At length, in 1810, it was found that the original loss of £20,000 had increased to £170,000. Something, therefore, it was felt, must be done, and that "something" being left to the accomplishment of Mr. Henry Fauntleroy, he forthwith appropriated the trust moneys and securities of the bank customers to the support of the insolvent firm. Supplied in this manner with abundant means, paying all demands, and granting liberal accommodation, the bank grew in public estimation, and this faith was supposed to receive additional confirmation, in 1814, by the accession of Captain Graham to the partnership. But losses went on increasing. Builders broke, bricks were undersold, and in 1816 a further sum of £100,000, customers' money, had gone. Bankruptcy now became imminent, but Fauntleroy, conscious of four years' fraud, determined still that secret crime should cover public deficiencies. "The house had always lived on customers' money." "Why," he argued, "should he hesitate at a simple extension of the system?" He, therefore, sat down and deliberately committed to writing the following memorandum:—

"In order to keep up the credit of our house, I have forged powers of attorney, and have therefore sold out all these sums (amounting, as per subjoined list, to £178,754 6*s.* 4*d.*) without knowledge of any of my partners. I have respectively placed the dividends, as they became due, to account, but I never posted them." "H. FAUNTLEROY."

"7th May, 1816."

And then, having "eased his breast of perilous stuff," he entered on eight years of laborious fraud, appropriating sums received for the purposes of investment, or of security, and applying the proceeds of his robberies to the general funds of the banking-house. But the inevitable time came when the subtle web was to be rent. The watcher grew weary of his charge,

Stephenson*—the guilt of the Strand banking firm was, nevertheless, characterized by circumstances of so unparalleled a nature, as to remove it altogether from the category of ordinary delinquencies. The evidence taken in the criminal trial at the Old Bailey, though it brought clearly home to the accused the offence with which they were charged, failed to throw any light upon the remote deviation from strict moral rectitude, which may be regarded as the first step in that unhappy sequence of events that terminated so disastrously to many innocent, as well as to the guilty, parties.

The known antecedents of the partners were altogether unassociated with any reputation for extravagance or imprudence. Their personal habits, while exhibiting those elegances of life, and that liberality of expenditure, becoming the station

and vigilance failing for a moment, a forgery which he had committed in 1815, in the name of Miss Frances Young, led to the discovery of frauds on the Bank of England to the amount of £360,000. Public justice was not slow in vindicating the outraged confidence of society. Henry Fauntleroy was speedily found guilty of the fraudulent transference of Miss Young's stock, and in accordance with the severe judgments of the age, consigned, on the 20th November, to a disgraceful death.—*British Losses by Bank Failures*, 1820-1857.

* Remington, Stephenson, and Co. failed in 1828 with liabilities for £508,696, and in twenty-two years paid a dividend of 11*s.* 4¾*d.* The crimes of Roland Stephenson, who, in addition to his responsibilities as banker, assumed those of "M.P." for Leominster, and Treasurer of Bartholomew's Hospital, in order that he might with greater certainty practice on the confidence of the bank customers. He lived for many years a life of princely luxury at "Marshalls" in Essex, and is supposed to have passed much of his time at the gaming-table. But this wasteful existence was supported, not by his private fortune, but by that which belonged to others —the bank money. Roland Stephenson robbed his customers of upwards of £200,000; and when he could no longer rob without detection, fled to Savannah with a final theft of £50,000 in his pocket. The distress occasioned by this failure was most extensive and severe, many of the victims, amongst whom the "widow" and the "stranger" were prominent, having suffered the loss of all.—*British Losses by Bank Failures*, 1820-1857.

of society in which they moved, and the social rank of at least one of them, were by no means characterized by wasteful or wanton extravagance. They were all of them long past the age when the passions and indiscretions of youth are apt to lead men who are unrestrained by a sense of deep moral responsibility and innate honour, from the path of strict duty, and to plunge them in excesses which, as in the case of the unfortunate Henry Fauntleroy, are certain to terminate in ruin and disgrace. They were not like Roland Stephenson, and many who have more recently stood upon the criminal platform, unprincipled adventurers from the first, whom a combination of lucky accidents, and their own persevering effrontery, had placed for a time in the control of funds belonging to other people, the temptation to appropriate which to their own purposes they were unable to resist. The two senior members of the firm were the representatives of old and wealthy families, long connected with the trade of London, and inheriting by direct descent that confidence and credit with their fellow-citizens, and with the moneyed world in general—the natural reward of upright and honourable commercial dealing pursued through many generations for two centuries—which is even of more value than money capital. Sir John Paul was furthermore a man of great piety, holding high place in the religious world, and looked up to as "an elder in Israel." There was scarcely a society belonging to the Evangelical section of the Church of England in which the baronet partner of the Temple Bar Bank did not hold the honorary office of treasurer, trustee, or committee-man, and from which his firm did not, in consequence, enjoy more substantial advantage as the custodiers of their funds. Mr. Strahan, in the social circle in which he moved, was equally esteemed; and down even to a week or two before the failure of the house, and the discovery of the frauds, to breathe a word of suspicion against his honesty would have been thought as unreasonable as to dispute the credit of the

Bank of England. Both these gentlemen had, besides succeeding to the business of the bank, come into possession, by inheritance, of private property to a considerable amount. It is known that Sir John's father, the previous baronet, purchased, many years ago, one estate in Yorkshire, for which he paid 332,000 guineas. And that this was no mere fancy price may be inferred from the fact, that at the auction at which the sale was effected, a competitor offered within £1000 of the sum, for which the property was knocked down. It might be suggested that the late Sir John, in carrying out a desire to become a great landed proprietor, might have saddled himself with encumbrances, and impaired the resources of the bank; and that from this original cause sprang the ruin which ultimately supervened. But of this there is no proof; nor does it appear in what way this property, the entail of which was cut off, was disposed of, whether it ever descended to the son or not. Mr. Strahan, when he came into the concern on the retirement of his father, the late Robert Snow—the firm was formerly Snow, Paul, and Paul—entered it as a moneyed man, having just succeeded to a fortune of nearly £200,000, left to him by an uncle of the name of Strahan, in consideration of which he assumed that surname.

The only one of the three partners who could not boast of private means, was Mr. Bates; but he had been for many years the confidential managing-clerk of the firm; was well acquainted with the customers, and with the business of the house; he had given satisfactory proof of his probity and his ability during a long period of faithful service, under his late principals; and when a vacancy occurred by the retirement of the younger Mr. Robert Snow in 1841, the selection of their old and tried managing-clerk to fill it, was calculated to add more to the credit of the bank, than the introduction of Mr. Strahan's capital. It is almost impossible to imagine an establishment possessing in a more marked degree the main elements

of success. All the partners were men of business, and gave their attention personally and unremittingly to the conduct of their affairs. The connection, though not over extensive, was one that bankers generally consider the best paying. It consisted chiefly of members of the aristocracy, and wealthy commoners, who habitually keep large balances in their banker's hands. And besides their banking business, they were carrying on a Navy agency, under the name of Halford and Co., in Norfolk Street, which the bankruptcy accounts proved to have been profitable to the end, and the surplus assets of which contributed something towards a dividend to the unfortunate creditors of the bank.

According to all outward seeming, every ordinary incentive to wrong-doing was wanting; nor till the last moment did it appear that there had been either extravagance, ignorance, or mismanagement, in the usual sense of the terms. There was not even the charge, so far as Mr. Strahan was concerned, that he engaged in any speculative enterprises, except such as were, if not exactly germane to the proper and legitimate operations of banking, at least directly connected with the business in which the bank had become involved. Sir John Paul and Mr. Bates were both mixed up with certain joint-stock companies in the character of directors, as well as shareholders; but it was not discovered before the bank stopped that the partners had encumbered themselves with an estate like the Mostyn collieries, involving a debt and outlay equal to £139,940, or that their connection with Messrs. J. H. and E. F. Gandell, to enable the fulfilment of certain contracts for the construction of railways in France and Italy, and for the drainage of Lake Capestang, placed them in the situation of the creditors of that weak firm for between £300,000 and £400,000. Such frightful engagements as these were sufficient to compromise any private bank of the character and position of Messrs. Strahan, Paul, and Co., and notwithstanding the personal resources of the two private

partners, the mystery of their downfall was speedily dissipated when these awkward circumstances were disclosed.*

The reprehensible practice of borrowing from the bank-till for their own personal wants, seems to have been recognized and followed by all the partners in this bank from a very early period. The historical *resumé* of the proceedings of the firm, extending over the last half century, prepared under the direction of the Court of Bankruptcy, shows that, as far back as the year 1816, Messrs. Robert Snow, William Sandby, and John Dean Paul, the partners of that day, had become borrowers of their customers' money—the customers, of course, knowing nothing of the matter—to the tune of £29,000; and in 1826, although Wm. Sandby's share of the debt was then paid off by his executors, Robert Snow appeared on the books as a borrower to the extent of £36,319, and the late Sir John Dean Paul in the amount of £17,280. At the death of Sir J. D. Paul in 1852, this total of £53,600 was reduced to £28,500, by the carrying year by year a certain sum to profit and loss; and when the bankruptcy took place, it was further reduced to £23,500. At this period the bank had fallen into almost hopeless insolvency; and Sir John Dean Paul's inheritance was, in fact, the chief partnership in a concern, the accounts of which to the close of the preceding month, viz., December, 1851, exhibited a deficiency of £71,990 7*s.* 2*d.* The official examination proved that, as early as 1849, the disregard of the first principles of banking, of which the then partners had been guilty, had been followed by its almost unvarying consequence—immediate embarrassment and prospective bankruptcy. In fact, the state of insolvency had then arisen; and if they had had the courage then to close their doors, and divide their assets fairly amongst their creditors,

* *Vide* curious facts in relation to this connection detailed in the able report of Mr. W. Turquand, who was the authorized accountant to the estate.

they would have declared themselves unworthy of public confidence as bankers, but they would have avoided those desperate alternatives which ultimately reduced them to the level of convicted felons. Unhappily, the same moral weakness which had prevented their resisting the temptation to contravene the first principles of the calling in which they had engaged, operated as the hindrance to the timely confession of their error. Their own capital was gone, and the deposits of their customers had been tampered with. Money must be secured to keep themselves afloat, and enable them to meet the daily drafts presented at the counter, particularly the heavy responsibilities arising from the association with Messrs. Gandell and Co. The downward course was begun, and they were not long in discovering the truth of Virgil's lines—

"Facilis descensus Averni," etc., etc.

It was easy to borrow the securities left with them for safe custody, raise money upon them to tide over the emergency of the moment, and replace them before they were called for; but for the banker, whose only experience of loans should be in the capacity of the lender, to be an habitual borrower, is in effect to trade at a loss. The interest they had to pay for these loans, and perhaps the hazardous enterprises they entered into in the vain hope of retrieving their position, added to their embarrassments. As pledges, the discount houses would not advance sufficient money upon the securities brought to them by Sir John Paul (for this part of the business seems generally to have been entrusted to his hands); to relieve the present necessities of the bank, they must be sold. They were sold, and a further breach of trust was thus committed, bringing them directly and unmistakably within the operation of the Act of Parliament, which dealt with the crime of embezzlement as committed by bankers, merchants, brokers, and others who act in the capacity of agents. How often the process was repeated no evidence is afforded; but the proceedings in bank-

ruptcy show that several others of the bank's customers suffered from the same species of fraud, besides the reverend gentleman on whose prosecution the delinquents were finally convicted.

For some few months before the final break up, the stability of the firm began to be doubted, but only in circles whose business it is to make themselves acquainted with the financial position of those who are likely to be applicants for temporary advances in the ordinary course of trade. Constant visits to the discount houses occasioned remark, and paper bearing the name of the firm offered for discount at two, three, and four per cent. above the market rates, led to a suspicion that the crash could not long be delayed. Still not a word was breathed against the honesty of the partners; it was thought that they had been unfortunate, and perhaps imprudent, but nothing more. On Friday, the 8th of June, a run upon the bank set in; and although an application to the Committee of Bankers for aid was peremptorily refused, the doors were kept open, and during that and the following days £23,000 was paid away over the counter to those customers who had been fortunate enough to receive a hint of the approaching catastrophe, and who were thus enabled to secure to themselves an undue preference at the expense of the general body of the creditors. So low was the available cash reduced by these two days' drain, that at the commencement of the following week, when an extent on behalf of the Crown was put in, £2200 only remained to meet it, and an undertaking for the balance had to be given by the authorities acting under the bankruptcy for the balance of £800, in order to prevent the seizure of the books.

The first public announcement of the failure was on Monday the 11th of June, and in the *Gazette* of the following evening the name of the firm appeared as bankrupts. Of the proceedings in bankruptcy, it is only necessary to say that they were unattended by a single incident or explanation in the

slightest degree exculpatory of the bankrupts. The total amount of debts proved against the two firms, the bank and the navy agency, was in round numbers three-quarters of a million, and the dividend realized has been 3*s*. 2*d*. in the pound.

On Tuesday, the 19th of June, just a week after the petition in bankruptcy had issued, in consequence of an admission made by the partners that they had disposed of the securities deposited with them on trust, and applied the proceeds to the purposes of the bank—an offence which, it appeared, they offered to condone by giving notes of hand for the amount—an application was made to the magistrate at Bow Street police-office for a warrant to apprehend Mr. Strahan, Sir J. D. Paul, and Mr. Bates, on a charge of having unlawfully negotiated, or otherwise disposed of, certain deeds or securities of the value of £22,000, which had been entrusted to them for safe keeping by the Rev. Dr. Griffiths, of Rochester. The proceedings were taken under the 7th and 8th Geo. IV., cap. 29, sec. 49, which enacts that any person convicted of unlawfully disposing of securities entrusted to him or her for safe keeping, shall be liable to be transported beyond the seas for any term not exceeding fourteen years nor less than seven years, or to be imprisoned for any term not exceeding three years; and if a male, to be once, twice, or thrice publicly or privately whipped (if the court should think fit), in addition to such imprisonment.

The warrants were placed in the hands of the warrant-officers, who at once proceeded to execute them. Mr. Bates was apprehended the same evening at 41, Norfolk Street, Strand; after which the officers started for Nutfield, near Reigate, the residence of Sir John Dean Paul. They found Sir John at home; but it being now too late to return to London that night, they allowed their prisoner to go to bed, and arranged that he should accompany them to town the next morning. Accordingly, on the Wednesday morning they conducted him to the Reigate station, arriving there barely in

time to save the train, which was actually in motion when Sir John took his seat in a second-class carriage. The officers were in the act of following him into the same carriage, when a railway porter pulled them back, exclaiming, "The train is in motion, and you can't get in;" and having closed the carriage-door against the officers, the train went off without them. They immediately represented the facts to the superintendent, but he refused to signal the train to stop, but consented to send a telegraphic message to the London terminus. This was done, and the officers proceeded to town by the next train, which reached London Bridge only ten minutes after the one they had missed. On inquiry, however, of the station-master there if their prisoner had been detained, he replied "that he did not know Sir John Paul by sight, and of course, therefore, had taken no steps in the matter." The officers had thus the mortification of finding that their prisoner had effectually escaped, and throughout the day no trace of him could be found. At eight o'clock the following night, however, Sir John surrendered himself at Bow Street police-station, intimating, at the same time, that he had no wish or intention to deceive the officers, and that his impression when he entered the train was, that they were following in an adjoining carriage.

Whether Sir John's intention was to avail himself of the opportunity which was thus, as it were, providentially opened to him for escaping from custody, must remain matter of conjecture. Despite his own assertion to the contrary, the facts would lead to the opinion that he did; and that it was only when upon calm reflection, and probably after consultation with friends, he became convinced of the utter futility of attempting to evade justice, and considered the extent to which that attempt would probably prejudice his case before the jury, that he determined upon giving himself up. Had he not thought of escaping, he would hardly have left the railway

before the following train, which was due in ten minutes, and of which, as a constant traveller upon the line, he could not have been ignorant; much less would he have lain concealed the whole of that and the following day. Mr. Strahan was taken into custody on Wednesday evening, 20th of June, as he was about to enter the house of his friend, Mr. Scrivener, 20, Bryanstone Square. On that same Wednesday, Mr. Bates underwent a brief examination at Bow Street, before Mr. Jardine, and on Thursday a similar proceeding took place with regard to Mr. Strahan; but on each occasion only sufficient evidence was adduced to justify a remand. On Friday the case was more fully gone into, and on being placed at the bar, the prisoners gave their names—William Strahan, aged 47, Sir John Dean Paul, aged 52, and Robert Makin Bates, aged 64. The prosecution was conducted by Mr. Bodkin. Mr. Ballantine attended on behalf of Mr. Strahan and Sir John Paul, and Mr. Parry for Mr. Bates. In laying the case before Mr. Jardine, the presiding magistrate,

Mr. Bodkin said—Perhaps, sir, a more distressing spectacle was never exhibited before you than that which is presented by the appearance of the three prisoners now standing at the bar of this court—not prisoners such as are usually seen in that position, but gentlemen, hitherto standing high in the estimation of those who knew them, enjoying the luxury which rank and wealth afford, and the unlimited confidence of those whose fortunes have been entrusted to their keeping. That confidence, it has recently transpired, has been so cruelly betrayed, and the conduct of the prisoners themselves has been of such a nature, as to reduce them to the level of common felons; for, although the offence of which they stand accused is not actually a felony in the eye of the law, it is nevertheless so serious as to render them liable to transportation for a period of fourteen years. Indeed, were it otherwise—if occurrences of this character were not visited with the greatest severity of punishment—the consequences to society would be alarming to contemplate. In the present case I have the honour of representing one of the sufferers from the conduct which I have described, and I am not here to complain of any mere deficiency arising in an ordinary banking account, but to show that these persons, having been entrusted with bonds and securities of the value of £22,000 by my client, did, about

five or six weeks ago, fraudulently, if not feloniously, appropriate these securities to their own use, without the knowledge or sanction of that gentleman. It certainly does happen that the individual for whom I appear is fortunately placed in such circumstances that this heavy loss will not leave him a ruined man. Happily it has not, as, in too many other cases it has, deprived him of the means of prosecuting these persons for the wrong inflicted upon him, in common with many who have been utterly ruined by similar acts of fraud. Dr. Griffiths considers it his duty to do that which many of his fellow-sufferers are unable to do—namely, to bring these culprits to the bar of a court of justice, to answer for the violation of a trust which confidence in their honour and integrity as gentlemen had induced him to believe would be held sacred, whatever may have been the pecuniary circumstances of their bank. He has been advised, and his own private opinions accord with the advice, to proceed against the prisoners without any reservation; and having satisfied himself that this is the proper course to pursue, after mature deliberation, he is determined that nothing shall prevail on him to swerve from that resolution. You are aware, sir, that the three defendants at the bar are charged in your warrant with having, conjointly, disposed of certain securities to a large amount, by which means my client has been defrauded of his property. The learned counsel said he should, on that occasion, only examine Dr. Griffiths, and then ask for a remand for the production of further evidence. He should prove that the securities in question, with others to the amount of £100,000, had been taken either to the house of Overend, Gurney, and Co., or some other house in the City, and the proceeds appropriated by the prisoners.

The evidence of Dr. Griffiths, who is a Prebendary of Rochester Cathedral, was to the following effect:—I have kept an account at the bank of Strahan and Co. for about thirty years, and have, from time to time, intrusted them with securities of various kinds. On the 9th of June, 1849, they purchased for me 30,000 Dutch florins (2½ per cents.), making, with others, 150,000, which they were directed to take care of for me; but I never authorized the prisoners, or either of them, to sell, pledge, or negotiate them in any way whatever. On the day Mr. Bates was taken into custody, and while the other warrants were still in the hands of the officers, Mr. Strahan waited upon me, and requested an interview. Some friends and relatives of Mr. Strahan's had previously called upon me with the same view. Mr. Strahan began by expressing his surprise that I had been unable to obtain any information at the bank respecting my securities, for he and his partners were there ready to give me every information in their power. He said that they were day and night engaged in making up their accounts, and that if I took legal proceedings against them, there would be no one competent to wind up their affairs. He admitted that I was quite justified in the course I had taken, but he urged repeatedly that I was

doing a great injury to the creditors and to myself, for he had great expectations that both he and Sir J. Paul would, by-and-by, have money sufficient at their command to redeem my securities; and that they had prepared notes of hand for me, had I called upon them. He further told me, in answer to my inquiries, that my securities, with others, had been taken by Sir John Paul, and placed in the hands either of "Overend" or "Burnand"—I forget which name was actually stated. In fact, as I understood him, Mr. Strahan said he had himself taken the securities out of the parcel in which they were contained, and handed them to Sir John Paul, who carried them to the brokers in the City. He also stated that the various securities which they had disposed in this way amounted to £100,000 in value; but that my securities were by far the largest in amount belonging to any one individual. He stated that much kindness had been shown him by several persons who were placed in similar circumstances to myself, and therefore he hoped I would not continue these proceedings, which, without benefiting myself, would be detrimental to the interests of the public. He added that he knew the officers were in search of him and his partner, and if they were put into prison it would be impossible to bring their affairs to a close. In reply to this, I stated that I was very unwilling to say anything that would aggravate his feelings, and I assured him that I was not actuated by any vindictive motive towards himself or either of his unhappy partners; but that I felt bound, on public grounds, to proceed in the course I had adopted. I asked him particularly whether the securities had been kept in my box. I had a box at the bank, a key of which was in my possession, and another key in theirs. He said they were not kept in my box; that they were deposited in a box in their strong room, and had my name affixed, to show that they belonged to me. I have caused inquiries to be made, and have been unable to discover any trace of them up to the present time.

Mr. BALLANTINE said—I do not propose to address any observations to-day, upon the present evidence. I am not surprised at the intensity of the public feeling which has been excited by these transactions, and it scarcely required the severe remarks with which Mr. Bodkin thought fit to open this inquiry to add to the misery which these gentlemen feel in their present lamentable position—misery which is shared still more deeply, because more innocently, by the relatives and friends who were connected with them. I am not aware that I can say anything to palliate that feeling on this occasion, but I think I shall not be exceeding my duty here to-day when I state that, however deplorable may be the affairs of this bank, and however numerous the sufferers, the ruinous consequences can fall with no greater weight on any one than upon Mr. Strahan himself, who brought £180,000 into the concern, every farthing of which has been lost. I am justified, I believe, in saying that the partners have each and all evinced a

common desire to meet the case fully and fairly, sharing the responsibility alike, and making what atonement they can for the misfortunes they have inflicted on others, by giving every information in their power which may lead to a full and truthful disclosure of their affairs, regardless of the consequences to themselves, and the public censure, which they are only too conscious of having deserved.

The prisoners were then remanded, and as no application was made to admit them to bail, they were removed to the House of Detention.

From June, until the 12th of September, when the final inquiry before the magistrates took place, and the prisoners were committed for trial, they were brought up week by week to the police-court, in order that the evidence, establishing the crime against them, might be completed. On the 1st of August an application to Mr. Jardine, the magistrate, to admit them to bail, was successful, the amount being fixed at £6000 each personal recognizances, and two sureties of £3000 each, with twenty-four hours' notice. Mr. Strahan's sureties were put in on the following day, when he was liberated, and on the 8th Mr. Bates was also bailed out of prison. Sir John Paul found great difficulty in obtaining sufficiently responsible sureties; and it was not until the 24th of August that the requisite bail was put in on his behalf. Subsequently, on account of the nature of the evidence adduced at the last examination, the amount of the bail was extended in each case to £10,000 personal recognizances, and two sureties of £5000 each. In the course of these repeated adjourned examinations, it was clearly proved that the bonds had been purchased by the firm on Dr. Griffith's order, and that they had been variously disposed of by the prisoners without the consent or knowledge of the prosecutor, and the proceeds applied to their own purposes. Amongst the mass of evidence adduced against the prisoners, all more or less inculpatory, perhaps the most direct was the testimony of Mr. Alexander Beattie, a personal friend of Sir John Paul's. He deposed—

I reside at Tunbridge Wells, and am a director of the National Assurance Society. I remember, in the latter end of the year 1853,

Sir John Paul came to me as a personal friend, and requested a loan of £20,000 upon certain stock. I informed him that the society with which I was connected did not grant loans in the way proposed, and referred him to the Stock Exchange. In March, 1854, he came to me again, respecting a similar loan upon foreign securities, a memorandum of which he gave me at the time; there being a difficulty about raising a loan upon them, he expressed a wish to sell the securities, and I undertook the negotiation for him. The securities were handed to my brokers, Messrs. Foster and Braithwaite, who sold them for £12,281 5*s*. The amount was paid into my bank by two cheques, and I afterwards gave Sir John Paul a cheque on my bankers for the same.

The securities here referred to were by other witnesses identified as a portion of those which had been purchased for Dr. Griffiths, and left with Strahan and Company for safe custody.

At the Central Criminal Court, on the 18th September, the grand jury returned a true bill against all the defendants, and on the following day they surrendered. An application by the counsel for the prisoners was, however, made and granted to postpone the trial until the October sessions, on the ground that they had not had sufficient time since the committal to prepare their defence, and their bail having been renewed in the same amount as before, they were allowed to go at large until the trial.

The 26th of October having been specially appointed for the trial, the accused, on the morning of that day, attended at the Old Bailey in discharge of their bail, and having formally surrendered, were placed in the felons' dock. The interest which the case excited in the public mind was evidenced by the crowded state of the court. Admission could only be obtained by special tickets from the sheriffs; and although these were issued with due regard to the capacity of the building, the number of persons who obtained them was so great, that it was with some difficulty the required accommodation could be provided for those who were officially engaged on the trial. Many of the heads of the principal banking

firms of the metropolis were there, men who had been for years on terms of intimacy with the prisoners; more than one peer of the realm, and several leading members of the House of Commons were present, and, as is always the case on these extraordinary occasions, there was a considerable attendance of fashionably-dressed ladies.

The appearance of the prisoners themselves was subdued, and befitting their perilous position. Their eyes wandered about the court, but without appearing to recognize any one in it. The expression of Sir John Paul's countenance was that of blank despair. Mr. Strahan bore himself with more of firmness, while something like a feeling of hopeful confidence was observable in the features of the other prisoner. During the whole of the two long days over which the trial extended, the prisoners remained almost motionless. Strahan and Bates paid marked attention to the evidence, but the desponding apathy of Sir John Paul was only roused when the counsel for his fellow-delinquents endeavoured, by cross-examination or argument, to shield their respective clients by casting the whole of the blame upon him. Great indeed was the sensation when the verdict was pronounced, and a sentence of fourteen years' transportation was passed. The prisoner Bates betrayed evident surprise at the verdict, and more so at the severity of the sentence. Mr. Strahan, who throughout maintained a quiet gentlemanly bearing, had full command over his feelings to the last, and appeared unmoved. Sir John Paul, who at first seemed scarcely to appreciate the full meaning of the judge's last words, and the depth of the debasement to which they had consigned him, lingered for a moment at the front of the dock after his companions had moved away; but, suddenly recovering himself, his eye wandered amongst the crowd, until it fell upon the countenance of the prosecutor, and having attracted his attention, he gazed upon him with a look which, if the reverend doctor had not been upheld by the

self-consciousness of imperative duty, might have raised regretful feelings in his mind.

Severe as this sentence undoubtedly was to men in the position of these defendants, no one can fairly say that it was more than commensurate with the offence. In a commercial country such as England, no crime can be more heinous against society, as constituted, than a breach of mercantile trust. To tolerate it, or to pass it over with ill-judged sympathy, and equally ill-timed mercy, would be to sap the foundations of mercantile prosperity. Unfortunately, the tone of commercial morality has been of late increasing in laxity. In the wider fields for speculation, and the temptation which the temporary possession of property belonging to others offers to indulge in ill-considered enterprises, and to repair losses in the hope of making them good by another venture, the chief cause of this growing evil is probably to be found. Had the sentence passed upon these delinquents been limited to a short term of imprisonment, they would probably, on their restoration to society, have met with commiserators and supporters, while the lightness of their punishment might have encouraged imitators. Now as convicts, condemned, and legally condemned, to pass perhaps the whole of their remaining days as felons, and the associates of felons, their fate, sad as it is to themselves and their friends, will stand forth as a wholesome example to deter others from following in the same course. With regard to Mr. Bates, a very general opinion has prevailed that his guilt was less in degree than that of his two partners. Though nominally a principal in the firm, he was really nothing more than a managing-clerk, having a life-salary of £1000 a-year; and in anything he did, therefore, it may be urged, that he was but obeying the directions of his superiors. No evidence in support of this statement was produced upon the trial, nor was it shown that any one of the illegal acts was committed without his cognizance. As a partner, knowingly participating

in the advantages of the fraud, he was held to be equally liable with the rest.* Perhaps, after all, retributive justice has fallen most heavily upon Sir John Paul. Though his name was introduced into the firm as early as the year 1823, he took no share in the profits until 1852, when his father, the late Sir John, died. It is clear, then, that when he succeeded to the active responsibility of a partner, he found himself the inheriter of insolvency. But although the only honest course, on making this discovery, was to insist upon the doors being at once closed, and the bankruptcy proclaimed, yet seeing that the whole traditions of his family were associated with the "house," it was by no means an unnatural feeling that he should desire to restore its fallen fortunes, and establish himself, as his forefathers had been, at the head of a respectable and prosperous bank. The credit of the firm was at that time comparatively unimpaired, though its capital was exhausted, and the attempt to use that credit for the purpose of bringing back the capital, though highly reprehensible and dishonest, was, under the circumstances, not altogether without excuse. But the ulterior crimes which this, as far as Sir John Dean Paul's participation in the affair has been made public, was the first step towards, admit of no palliation, and the punishment which he shares with his fellow-criminals was fully merited. He was as guilty as the other two partners; but now that all the facts are patent to the world, it would be unjust to endorse an opinion that prevailed at the time, that he was the most guilty of the three, and that while his sentence was no more than adequate to the offence, it was, in the instances of Strahan and Bates, unduly severe.

* An attempt has been recently made to obtain the liberation of Sir John Dean Paul and Mr. Strahan, on the ground that, after what has transpired in the case of the Royal British Bank and other monied institutions, the severity of the sentence, contrasted with the operation of the law as defined by the Fraudulent Trustees' Act, is more than ever apparent. The exertions of the friends of Mr. Bates have been successful, and he was released in October, 1858.

THE TRIAL OF MESSRS. STRAHAN, PAUL, AND BATES.

CENTRAL CRIMINAL OLD COURT, *Oct.* 26, 1855.

To-day having been specially appointed for the trial of Sir John Paul and his partners, Messrs. Strahan and Bates, for illegally disposing of securities to a large amount, which had been intrusted to them as bankers for safe custody, the Court was filled at an early hour by persons anxious to hear the proceedings. Shortly before ten o'clock, the defendants, William Strahan, John Dean Paul, and Robert Mekin Bates, surrendered, and were placed in the dock. At ten o'clock the learned Judges, Mr. Baron Alderson, Mr. Baron Martyn, and Mr. Justice Willes, took their seats upon the bench. Aldermen Sir R. W. Carden and Eagleton, Mr. Sheriff Kennedy, and Mr. Under-Sheriff Stone, accompanied their lordships. A great number of gentlemen connected with the banking and mercantile community were also present.

The Attorney-General, Mr. Bodkin, and Mr. Poland, appeared for the prosecution; Sir F. Thesiger, who was specially retained, and Mr. Ballantine, appeared for the defendant Strahan; Mr. Sergeant Byles and Mr. Hawkins were specially retained to defend Sir John Paul; and Mr. E. James, Q. C., also specially retained, and Mr. Parry, appeared for the defendant Bates.

When the defendants were called upon to plead,

Sir F. THESIGER applied to the Court on behalf of his client, that he and the other defendants might be allowed to plead double, and that, in addition to the plea of "Not guilty," they should be allowed to plead a special plea, in order that they might take advantage of one of the sections of the Act of Parliament under which the indictment was framed. Sir F. Thesiger called the attention of the Court to the section of the Act of Parliament of the 7th and 8th of George IV., under which the indictment was preferred, and to the subsequent section, which directed that no person should be criminally liable under the Act who had, under any compulsory process, made a full statement of all the matters connected with the transaction, and upon them he grounded his application.

Mr. Baron ALDERSON, after consulting with his learned colleagues, said the Court were of opinion that the course suggested by the learned counsel was one that was without precedent, and the defendants must either plead "Not guilty," or else rely entirely upon the question of law.

The case was then about to proceed, when

The ATTORNEY-GENERAL, addressing their Lordships, said he was informed that Mr. Beattie, who was a very important witness, was not in attendance, and he said the administration of justice would be in peril if he proceeded with the cause in the absence of that witness.

Mr. Baron ALDERSON inquired whether the witness had been subpœnaed, or had received notice to attend?

The ATTORNEY-GENERAL said, he had been bound over by the magistrate, and subpœnaed also. On the previous day he had sent a communication to Mr. Humphreys, the attorney for the prosecution, stating that he was ill, and under medical advice, and had gone to his house at Tunbridge Wells. He promised, however, to return to town this morning by a train which would arrive at half-past ten o'clock.

The Court said that, under these circumstances, they had better wait a short time.

At eleven o'clock, as the witness had not arrived, the Attorney-General applied for the witness to be called upon his recognizances and subpœna, and this was done, when the Court ordered the recognizances to be estreated.

The ATTORNEY-GENERAL then applied for the postponement of the trial, and a discussion was proceeding as to the future day upon which the trial should be fixed, when, in the midst of it, it was announced that the missing witness had arrived.

Mr. SLEIGHT, the deputy-clerk of arraigns, then read the indictment, which alleged that the defendants had carried on the business of bankers, and that, in that capacity, they had been intrusted with certain Danish bonds, of the value of £5000, for the purpose of safe custody, and without any authority to pledge, sell, or negotiate the bonds so intrusted to them, they had, contrary to good faith, sold and converted them to their own use.

In other counts, the defendants were charged with having sold the bonds in question, and with having negotiated them; and they were also charged with conspiring together with the same object.

The defendants having pleaded "Not guilty,"

The ATTORNEY-GENERAL then addressed the learned Judges and the jury. He said, "I have, on the present occasion, a painful duty to discharge, in pressing an accusation of a very serious character against the defendants on this indictment—gentlemen known to most of us, and who have hitherto maintained a high position in society, and a character of unquestioned integrity and honour, which prevented them from being supposed capable of the offence with which they are now charged. The present charge is one not only involving penal consequences of great magnitude, but also affecting the honour and character of those gentlemen at the bar. You are aware that the defendants carried on, for some time, the business of bankers in this metropolis. The firm was one of ancient date; its transactions were large, and it enjoyed the confidence of a highly numerous body of customers. Among others, the present prosecutor, Dr. Griffith, Prebendary of Rochester, opened an account with the then firm of Snow, Paul, and Co. in 1830. In 1838, Snow retired, and the present defendants,

Strahan and Bates, joined the firm. Subsequently, Sir J. D. Paul, the father of the defendant (Sir J. D. Paul), died, and from that period the business has been conducted by the three defendants. Dr. Griffith continued the account he had opened with the firm of Snow, Paul, and Co. in 1830, until the transactions now the subject of inquiry occurred. He was a gentleman of great fortune and character, and employed the defendants, as bankers, to invest money for him from time to time in public and foreign securities. The present inquiry relates to some of those securities, fraudulently disposed of by the defendants, in contravention of the statute which makes it penal to dispose of securities placed in their hands for safe custody. Among these securities were certain bonds issued by the Danish Government, bearing interest at the rate of 5 per cent.; and I will confine my present observations entirely to those securities, as they form the subject of the present inquiry. It seems that on three several occasions Dr. Griffith employed the defendants to invest money for him in these Danish Five per Cent. Bonds. In 1849, the Danish Government raised a loan, and issued bonds as security to the persons advancing money. In January, 1850, Dr. Griffith instructed the defendants to invest for him in these Danish Five per Cent. Bonds the sum of £2000. Whether he gave a written order on that occasion is uncertain, though probably he did. He had, however, no distinct recollection of that circumstance, and no order had been found; but nothing turns on that point, for it is quite clear that he gave authority to make the purchase. Accordingly, a stockbroker in the City did purchase on behalf of Dr. Griffith, that amount. The bonds were bought on the 2nd of February, 1850, and were afterwards delivered at the bank of the defendants. They were five bonds of £400 each, and were numbered 370, 460, 459, 457, and 458. Dr. Griffith was forthwith debited in the books of the bank for a sum of £2002 10*s*., which was the amount paid, including the commission, for the bonds so bought. The next transaction was in the month of April in the same year, when Dr. Griffith authorized the defendants to invest another sum of £1000 in the same securities. On that occasion the defendants gave the order to Messrs. Sims and Hill, stockbrokers, and accordingly, the latter made the purchase, and sent it to the defendants' banking-house in one bond. The number of this bond was 87, and the defendants debited the prosecutor in the books of the bank to the amount of £958 15*s*. Their third transaction was in 1851, and, on that occasion, it is quite clear that a written order was given by Dr. Griffith to the defendants. That has been found, and it is an order desiring the defendants to invest £2000 in the same securities as before mentioned. The defendants thereupon again instructed Messrs. Sims and Hill to purchase the amount, and the latter did so on the 10th of April, and forwarded the bonds on the 16th to the banking-house. The bonds consisted of two of £400 each, numbered 426 and 573; two of £300 each, numbered 793 and 794; and six

of £100, numbered 657, 659, 660, 661, 662, and 663. For this purchase, the prosecutor was debited in the bank books of the defendants £2037 10*s*. These several bonds were purchased by the defendants through the brokers, on these three several occasions, by the express authority of Dr. Griffith. The defendants regularly received the dividends on these bonds as they became due; and credited in their books Dr. Griffith with them. They received the dividends from time to time, and continued to do so until the 1st of March, 1854. It appears that, at that time, the firm of Strahan and Co. had got into certain difficulties, and had recourse to the desperate and guilty expedient of resorting to the securities they held in their hands, belonging to their customers, for the purpose of raising money to meet the necessities of the hour. It appears that, in the course of March, 1854, Sir J. Paul applied to a gentleman of the name of Beattie, secretary to a company called the National Insurance Company, to advance a sum of money on behalf of the company, in respect of and on the faith of these bonds. Mr. Beattie, however, answered that the company did not advance money on such securities, upon which Sir J. Paul asked him if he would dispose of some of these securities, in order to raise the money. Mr. Beattie consented to this transaction, and took some of the securities from Sir J. Paul, and placed them in the hands of Messrs. Foster and Braithwaite, brokers, in the City, for the purposes of sale. Among these securities were the very bonds, the numbers of which I have enumerated, and which constituted security for £5000. These were placed by Mr. Beattie in the hands of Messrs. Foster and Braithwaite, on the following day, the 16th of March. Messrs. Foster and Braithwaite gave their cheque for the amount of the sale to Mr. Beattie, including in it the sum of £4,793 13*s*. 6*d*. for the Danish bonds. The cheque being crossed, Mr. Beattie was unable to get it immediately cashed to hand over the proceeds to Sir J. Paul, but he paid the cheque into his bankers, as well as another cheque he had received at the same time on account of proceeds from other securities not concerned with this investigation. He then drew a cheque on his bankers in favour of Sir J. Paul, and gave it to Sir J. Paul. There is no doubt that Sir J. Paul received the money on account of that cheque, and made it available for the purposes of the firm. Therefore, so far as Sir J. Paul is concerned, there can be no question of his complicity in the guilty transaction of misapplying the securities which had been deposited with him for safe keeping. It will be made perfectly clear by the evidence that Sir J. Paul and his partner had no authority, direct or indirect, from Dr. Griffith, to sell or otherwise dispose of these securities. They had been deposited in their hands, as being the bankers of Dr. Griffith, for safe custody. Nevertheless, Sir J. Paul did dispose of them, and carried the proceeds, not to Dr. Griffith's account, but to his own use. Therefore, so far as Sir J. Paul is concerned, the case is quite clear against him. With regard to the other two defendants, what

was the state of their knowledge of the transaction? That must be shown by other evidence. This transaction took place in March, 1854, and in the month of June in this year the embarrassments of the firm became so great that it was impossible for it to go on. It accordingly stopped, and became bankrupt. On hearing this, Dr. Griffith, who had at the time £22,000 worth of securities in their hands, became considerably alarmed, and immediately put himself in communication with the official assignee, and asked what had become of his securities. The official assignee proceeded to the banking-house, and inquired about them. He was told by Mr. Strahan, in the presence of Mr. Bates, that the securities were either sold or pledged. He then asked whether, in any book, the securities of the customers were recorded; and Mr. Strahan and Mr. Bates looked at one another, and he got no answer. Shortly afterwards, Mr. Strahan proceeded to see Dr. Griffith, who, in the meantime, had laid a criminal information against the partners. Mr. Strahan acknowledged fully that the securities had been disposed of with his knowledge and co-operation, but urged most anxiously on Dr. Griffith to forego this prosecution, and not to adopt anything like a criminal proceeding. Dr. Griffith observed that he had a public duty to perform, and that, however unwilling he might feel to act hostilely towards gentlemen with whom he had been acquainted, he had no alternative but to enforce the application of the law against them. The jury will hear the details of the conversation which passed with Dr. Griffith, which will leave no doubt on their minds that Mr. Strahan thoroughly combined with Sir J. Paul in this transaction. In fact, the object was to raise money to meet the necessities of the bank; and, therefore, it will not be straining the evidence at all to say that what was done, was done with the concurrence of Mr. Strahan; and it will be for the jury to say whether or not the transaction is brought fully home to Mr. Bates. The defendants are indicted under the 7th and 8th of George IV., chap. 29, section 49, which provides:—"And for the punishment of embezzlements committed by agents intrusted with property, be it enacted, that if any money, or security for the payment of money, shall be entrusted to any banker, merchant, broker, attorney, or other agent, with any direction in writing to apply such money or any part thereof, or the proceeds or any part of the proceeds of such security, for any purpose specified in such direction, and he shall, in violation of good faith, and contrary to the purpose so specified, in any wise convert to his own use or benefit such money, security, or proceeds, or any part thereof respectively, every such offender shall be guilty of a misdemeanour, and, being convicted thereof, shall be liable, at the discretion of the Court, to be transported beyond the seas for any term not exceeding fourteen years, nor less than seven years, or to suffer such other punishment, by fine or imprisonment, or by both, as the Court shall award; and if any chattel, or valuable security, or any power of attorney for the

sale or transfer of any share or interest in any public stock or fund, whether of this kingdom, or of Great Britain, or of Ireland, or of any foreign state, or in any fund of any body corporate, company, or society, shall be intrusted to any banker, merchant, broker, attorney, or other agent for safe custody, or for any special purpose, without any authority to sell, negotiate, transfer, or pledge, and he shall, in violation of good faith, and contrary to the object or purpose for which such chattel, security, or power of attorney shall have been entrusted to him, sell, negotiate, transfer, or pledge, or in any manner convert to his own use or benefit such chattel or security, or the proceeds of the same, or any part thereof, or the share or interest in the stock or fund to which such power of attorney shall relate, or any part thereof, every such offender shall be guilty of a misdemeanour, and, being convicted thereof, shall be liable, at the discretion of the Court, to any of the punishments which the Court may award, as hereinbefore last mentioned." I shall show that these securities were purchased by the direction of Dr. Griffith, with his money; that they were left for safe custody in the hands of his bankers, and that they were disposed of, with the knowledge undoubtedly of two of the defendants, without the authority of Dr. Griffith, and that the proceeds were applied in such a way as brought the transaction within the terms of the statute he had referred to. These facts I shall prove distinctly, and I am at a loss to know in what way they can be met on the part of the defendants. It has been suggested that the defendants by disclosing, in an examination before the Court of Bankruptcy, all these circumstances, may avail themselves of the terms of another section of the statute, which enacts —"That nothing in this Act contained, nor any proceeding, conviction, or judgment to be had or taken thereupon against any banker, merchant, broker, factor, attorney, or other agent as aforesaid, shall prevent, lessen, or impeach any remedy at law or in equity which any party aggrieved by any such offence might or would have had if this Act had not been passed; but, nevertheless, the conviction of any such offender shall not be received in evidence in any action at law or suit in equity against him; and no banker, broker, merchant, factor, attorney, or other agent as aforesaid, shall be liable to be convicted by any evidence whatever as an offender against this Act in respect of any act done by him, if he shall at any time, previously to his being indicted for such offence, have disclosed such act, on oath, in consequence of any compulsory process of any court of law or equity in any action, suit, or proceeding which shall have been *bonâ fide* instituted by any party aggrieved, or if he shall have disclosed the same in any examination or deposition before any commissioners of bankruptcy." It is true that there were proceedings in bankruptcy, and that some disclosures were made by one of the defendants, or perhaps by the whole of them; but I believe that there will be very little difficulty in showing that whatever took place in the Court of Bankruptcy was done by concert and connivv-

ance. It was not a compulsory proceeding, but was resorted to purposely with the view that the defendants might avail themselves of a particular section in the Act of Parliament referred to. The securities in question were sold in March, 1854, and after that, if I am not misinformed, the defendants bought other securities, with a view to replace those they had disposed of, and at a subsequent period, shortly before stopping, they disposed again of the new securities so purchased, not to the persons they sold the first to, but to other persons. Now, the disposal of these latter securities, to which the disclosure in the Court of Bankruptcy referred, is not the occasion of the present charge against the defendants. I know nothing that they may have subsequently done that is at all binding on Dr. Griffith. That gentleman authorized and intrusted them to purchase and keep specific securities with specific numbers, and it is for getting rid of those securities, without his authority, and converting the proceeds to their own use, that they are now charged. With respect to other securities which they may have purchased subsequently, I know nothing; and I believe, therefore, that this defence, if gone into, will fail. Having now stated the principal features of the case, I feel it is not incumbent on me upon the present occasion to say one single word which would tend to aggravate the position of the defendants, or which would operate to their prejudice. I shall simply proceed to prove the facts I have stated, and I do not believe that, either on the merits or law of the case, there can be any answer to the charge.

The evidence entered into was, in every detail, a repetition of that which has already been given in the history of the failure. The case for the prosecution having been concluded,

Sir F. Thesiger wished to call their lordships' attention to the nature of the evidence against his client, Mr. Strahan. The indictment charged him with a misdemeanour in respect to certain bonds, which were numbered, and which were sold by Foster and Braithwaite in March, 1854. But there was no proof that Mr. Strahan had anything to do with that transaction, nor any evidence in support of the charge, except the conversation which had been stated by Dr. Griffith, and which conversation referred, not to the transaction in question, but to a transaction which had occurred only six weeks before that conversation. Dr. Griffith was told that his securities had been taken by Sir J. D. Paul to Messrs. Overend or Burnand about six weeks previously. It was clear that this statement could not apply to the bonds in question, which were sold in March, 1854, and, with the exception of a statement made by Mr. Bell, the official assignee, of a conversation of the 16th of June last, in which Mr. Strahan was stated to have told him that Dr. Griffith's securities were either pawned or sold, there was nothing to affect Mr. Strahan with a knowledge of the sale of these bonds by Foster and Braithwaite, and the payment of the proceeds of the sale to Sir J. D. Paul. He wished to know whether

their lordships thought there was evidence to go to the jury as against Mr. Strahan?

Mr. Baron ALDERSON thought there was evidence enough to go to a jury.

Sir F. THESIGER wished to remind their lordships that £5000 worth of Danish Bonds had been bought by the bank, and there was no evidence that any other customer except Dr. Griffith held this description of stock. Dr. Griffith had punctually received the dividends on this stock so replaced.

Mr. Baron ALDERSON thought there was evidence—he would not say how much or how little—to show that Strahan was a party to the representation to Dr. Griffith that the bank had these particular bonds safe at the time they were all gone.

Mr. Baron MARTIN and Mr. Justice WILLES concurred.

Mr. JAMES wished to know whether the Court considered that there was any evidence as against his client, Mr. Bates?

Mr. Baron ALDERSON thought there was. The evidence was indeed rather stronger as against Bates, because he seemed to have been taking a more active part in the affairs of the bank than the others.

Sir F. THESIGER then rose to address the jury in defence of Strahan. He said—May it please your lordships and gentlemen of the jury, I rise to address you under feelings of greater pain and anxiety than I ever experienced on a similar occasion before, and that pain and anxiety have not been lessened by an observation which was made by one of your lordships in reply to an application which I felt it my duty to make on behalf of Mr. Strahan, with reference to the position of the case now that the evidence for the prosecution is closed. My learned friend the Attorney-General, with that feeling and forbearance in the conduct of the prosecution which invariably characterize him, has told you that the gentlemen now before you have for many years maintained a high position in society, and a character of the highest honour and integrity. I cannot forget the position of Mr. Strahan, possessed of wealth and station, respected by numerous friends, surrounded by an affectionate family, and when I contrast that former position with his appearance to-day, I feel almost disabled from performing the task which I have been called upon to undertake. But these circumstances alone would not create the embarrassment which exists in my mind in undertaking the defence of this gentleman. I am not insensible to the fact, that for weeks and weeks publications have appeared in the papers in which the conduct of these gentlemen has been strongly arraigned, and every prejudice excited against them in the public mind. It is the boast of this country that every person accused is regarded as innocent until a jury of his countrymen find a verdict of guilty against him. And yet these gentlemen have now been for many months

brought before the bar of public opinion. They appear before you condemned by that voice, and you are supposed impartially to judge upon their case under these circumstances. Juries are generally warned that they must dismiss entirely from their minds all that they have heard before they assembled in court. Gentlemen, it is utterly impossible when once any idea or opinion has obtained admission into the human mind to dismiss it, and, indeed, the effort to dismiss it would only fix it the more firmly there. What I ask and expect from you is, that you will clearly discriminate between the impressions you have received from the publications to which I have adverted, and the evidence that you have now received on oath, and upon which alone you will have to determine the guilt or innocence of these parties. I do ask, and I do expect, that you will do that simply as an act of justice which, if it were your misfortune to stand in a similar position, you would expect to be done to you. Gentlemen, I trust that, when I call your attention and that of my lords to the charge against Mr. Strahan, and to the evidence which has been brought to establish that charge, whatever hasty impression you may have taken up—whatever opinion you have conceived on a partial view of the circumstances—will be removed by a careful and considerate judgment upon the facts that have been submitted to you. If I only succeed in placing clearly and intelligibly before you the position of Mr. Strahan in this case, as it is proved in the evidence, I am under no apprehension whatever that impartial justice will not be administered to him. Gentlemen, I am not here for one moment to deny that, in the month of April, 1855, Mr. Strahan did, unhappily, in a moment of pressure, agree to apply certain securities of his customers, for the purpose of relieving the necessities of the bank at that present moment. I am not here for one moment to justify such an act. It is not the act into which you are to inquire, but it may, and perhaps must, create a prejudice in your minds; and I am anxious to warn you against allowing it to exercise any improper influence upon you. It is most lamentable to think, that a gentleman who had so long maintained a character for honour and integrity, should have fallen away in a moment of temptation. It is the most extraordinary illustration of that solemn warning which cannot be repeated too often—"Let him that thinketh he standeth take heed lest he fall." It requires the labour of a whole life to build up a character for honour and virtue, which in one fatal and unguarded moment may be entirely destroyed. Although, therefore, I do not defend the act to which Mr. Strahan was unfortunately a party in 1855, yet the case which you are now considering against him is the charge of having misappropriated the property of his customers in March, 1854; and I pray your attention to the evidence upon which it is sought to fix him with that act. The learned counsel proceeded to say, that the indictment contained various counts applicable to the appropriation of Dr. Grif-

fith's bonds in the year 1854. An observation had dropped from one of the learned judges, calculated to convey an erroneous impression with regard to the act of one partner criminally affecting another. Although it was true that in civil proceedings the act of one partner affected another, yet he would declare with the utmost confidence, that if this were declared to be the law in criminal cases, it would be the first time that such a doctrine had ever been promulgated from the bench in any English court of justice.

Mr. Baron ALDERSON intimated that no such opinion had fallen from him.

Sir F. THESIGER would briefly call the attention of the jury to the state of the law previously to the passing of the act of the 7th and 8th of George IV., chap. 29. In the year 1812, if a banker or agent of any description, having the property of a customer intrusted to him, misappropriated or converted it to his own use, he was not guilty of any criminal act, although he was responsible to his principal or customer upon any civil proceeding. This great defect in the law was not discovered until one Welch, a stockbroker, sold out certain stock belonging to Sir R. Plummer, Master of the Rolls. Welch applied the produce of the sale to his own use, and absconded. He was tried and was found not guilty of a criminal offence. An Act of Parliament was therefore passed, by which any banker or agent who should sell and appropriate to his own use the securities of his customers without their authority, was liable to conviction for a misdemeanour. A clause was introduced into the Act that the penalty annexed should not extend to any partner or partners, unless such partner or partners should commit or be privy to such offence. Another Act afterwards passed to make factors who should pledge the goods of their principals answerable in a criminal proceeding. This and the previous statute were embodied in the 7th and 8th of George IV., chap. 29, which applied both to bankers and factors. What the jury had to decide—apart from all prejudice and influence exercised by the public press, and apart from any feeling which they might entertain of the impropriety and immorality of Mr. Strahan's conduct in 1855—was, whether there existed sufficient proof that Mr. Strahan was privy to the act of selling the bonds in question by Foster and Braithwaite, in March, 1854. He was anxious, in defending Mr. Strahan, not to prejudice by any observations of his the case of the other defendants, but he was necessarily compelled to advert to the course taken by Sir J. D. Paul, with respect to the sale of the bonds at the time he had mentioned. It was perfectly clear that no other of the partners except Sir J. D. Paul interfered to procure the sale of the Danish bonds by Foster and Braithwaite. Sir J. D. Paul applied to Mr. Beattie for a loan from the National Insurance Society, and when Mr. Beattie stated that his company were not in the habit of advancing money upon foreign securities,

he entreated Mr. Beattie to dispose of them. No doubt the very bonds now in court were sold by Foster and Braithwaite, and that a cheque for £12,281, drawn by Mr. Beattie, and paid in bank-notes, was received by Sir J. D. Paul himself. This sum was not traced after its receipt by Sir J. D. Paul; but, even supposing he entered this sum in the books of the bank to the credit of the firm, that would not be proof in a criminal proceeding that Mr. Strahan or the other partners were privy to the act, because there was nothing to indicate what the nature of the credit was, and the fact of the credit could only be known after the act had been done. The money could not have been received until after the act charged had been done, and the mere knowledge of the credit did not show any participation in the act. The jury were called upon to decide upon a criminal charge which might be followed by the most serious consequences, and they were not to assume without any proof that Mr. Strahan must have had a knowledge of this transaction. Everything, indeed, indicated an absence of such knowledge on his part. The £5000 of Danish Five per Cent. bonds, belonging to Dr. Griffith, having been disposed of in March, 1854, in June, 1854, the same amount of Danish Bonds was purchased by Sims and Hill for, and delivered to, Strahan and Co. There was no doubt that the dividends on these bonds were received by Strahan and Co. for Dr. Griffith, and that he was credited with the dividends in his pass-book in September, 1854, and March, 1855. There was nothing to lead the jury to believe that Mr. Strahan was in the slightest degree aware of the disposal of the former bonds of Dr. Griffith, and the substitution of those bonds on which the dividend had been paid. He now came to the conversations upon which his learned friend relied to fix Mr. Strahan with the guilty knowledge of the transaction of 1854. Dr. Griffith asked Mr. Strahan about his securities. Mr. Strahan said they had been taken into the City, either to Overend's or Burnand's. It was clear that this statement could not apply to the sale of the Danish Bonds in 1854. Mr. Strahan then told Dr. Griffith, "I assure you it is the first dishonest act of my life. I never defrauded a man of sixpence;" and he added that this had happened six weeks ago. But his learned friend was using this confession of a dishonest act in 1855 to affect Mr. Strahan upon a charge of disposing of bonds in 1854. No doubt if Mr. Strahan were a party to the transaction of 1854, it was an equally dishonest act with that of 1855. Mr. Strahan said nothing about 1854, but he said, "This is the first dishonest act of my life, and it was done six weeks ago." With respect to the evidence of Mr. Bell, that gentleman was not very clear in his recollection; but he would ask the jury in charity to consider, if Mr. Strahan really said that the securities were pawned or sold, that he was applying his observations to the only transaction within his knowledge, namely, that of the month of April in the present year. He believed he had stated the whole of the evidence on

which the jury could be called criminally to convict Mr. Strahan on this serious charge. He believed that if the public mind had not been directed to this case with a great deal of curiosity, they would not have heard of there being any case upon such evidence to fix Mr. Strahan with any participation in the guilt of this transaction. Both on the counts respecting the pledging of these securities, and on the counts of conspiracy to pledge them, he maintained that there was no evidence against Mr. Strahan. The learned gentleman then referred to the disclosure made by Mr. Strahan before the Court of Bankruptcy, which, he said, had been made faithfully by that gentleman in respect to all the circumstances within his own knowledge. Before 1812, this misapplication by bankers or other agents of the property of their principals was only subject to civil proceeding, and was not a criminal act until made so by the statute passed in the 52nd of George III. That provision had been enlarged and expanded by subsequent enactments, providing, at the same time, that where a person had made certain disclosures, under compulsory process, in a court of law, he should not be indictable on that account. The 7th and 8th of George IV. enlarged the privilege, and extended it to the case of examinations before the Commissioners for Bankruptcy. From something that fell from the Attorney-General, he was inclined to believe that his learned friend meant to say that this disclosure on the part of the bankrupts was voluntary, and not compulsory, and, therefore, to that the act did not apply. He thought that point must fail, for a bankrupt was bound, under the Act of Parliament, to make a full disclosure connected with his property. Now, what was the disclosure made by Mr. Strahan? He solemnly declared he knew nothing but the pledging of Dr. Grffith's bonds to Messrs. Overend, Gurney, and Co., in April, 1855, and the whole of his disclosure amounted to demonstration clear that he was ignorant of any previous transaction with respect to these bonds. There was not the slightest evidence of the participation of Mr. Strahan in the transaction of 1854. If, then, Mr. Strahan knew nothing more than the transaction of 1855, and if he disclosed that fully, then he would be rightly entitled to that defence, which he might use as a shield against the present assault on him. With respect to the conspiracy counts, he maintained that, supposing the defendants relieved by the disclosures they made from the charge of any criminal act, they could not be rendered liable for a conspiracy to do that act. In conclusion, the hon. and learned gentleman earnestly and anxiously entreated the jury to look carefully at the whole evidence, and, apart from all prejudices, to consider what it was that was charged against the parties on this occasion, and what was the evidence against Mr. Strahan; and he expressed the most entire confidence that, according to the first principles of the criminal law, as administered in this country, Mr. Strahan had not been affected by any

evidence with respect to the particular transaction on which the verdict of the jury was to be taken.

Mr. Serjeant BYLES fully participated in the feelings expressed by his learned friend, and believed that a more painful spectacle than the present had seldom been exhibited in a court of justice. He conceived that the anguish of mind the present position of the defendants must have caused them was adequate punishment for any act of theirs done in an unguarded moment, and under the pressure of the most irresistible distress. He should not have begun with these observations if he did not know that their case had been prejudiced, and that they had been tried and condemned by the press, on the leaves of which we lived, and, like other insects, took our colour from. *Ex parte* statements had appeared in the columns of the daily press, and he should not be doing his duty if he did not allude to them. Sir J. Paul had been charged with being a religious man only for his own selfish gains; and of assuming the character of a benevolent person only to attract charitable societies to his bank, which societies he afterwards caused to be great losers by his failure. That was an utter calumny. He was a benevolent man from his own means while yet young and when his father was living, and his charity was evinced in supporting incumbents in poor places, and not in niggardly advancing his own interests. There were witnesses in that court to the truth of what he was saying, and even the prosecuting counsel himself had declared that, until the date of the transactions into which they were now inquiring, Sir J. Paul was considered a person of unquestioned integrity and honour. He did not deny that these bonds were disposed of by Sir J. D. Paul, but upon the failure of Gandell for £300,000, who was largely indebted to the bank, Sir J. D. Paul was desirous of raising money on these bonds. He did raise money upon them, but with the full intention of replacing them immediately, which he did. He bought the same number of bonds back in the following June, and replaced them at a sacrifice. He paid Dr. Griffith the dividends on these bonds, so that the doctor sustained no loss of interest; and it was for selling these bonds on the 16th of March, and buying them on the 1st of June following, at an advance, that Sir J. D. Paul was now on his trial before the jury. Sir J. D. Paul did not instruct him to say, and he did not say, that in raising this money, although he replaced the bonds, was not doing wrong. Sir J. D. Paul admitted he did wrong, but he replaced Dr. Griffith's bonds at a loss to himself.

Mr. Baron ALDERSON—Is it quite certain he did replace them?

Mr. Serjeant BYLES—I do not say he replaced the identical bonds.

Mr. Baron ALDERSON—Probably the £5000 by which they were replaced was the property of his assignees.

Mr. Serjeant BYLES said, it was clear that the bonds which were pur-

chased in June, 1854, were substituted for the bonds that were originally used. All the defendants could do was to buy similar bonds, and this purchase of bonds of the same kind and amount was the same as if the same bonds had been bought. When the affairs of the bank came into the Bankruptcy Court, it was Sir J. D. Paul's duty to make a disclosure of what he had done, and, having made a full disclosure of all his dealings, he was no longer liable to criminal proceedings. The petition for adjudication was not sued out in the Court of Bankruptcy with any view to these proceedings. The Attorney-General said that this was a voluntary step, but a bankrupt was obliged to make a full disclosure of all his acts. The examination was compulsory, and the point was, whether the questions put by the assignees and the answers given were such a disclosure as the act contemplated. This point of law would be determined by their lordships as to them would seem fit.

Mr. James said, he should rest the case of the defendant Bates upon his total ignorance of the sale of the Danish bonds through Foster and Braithwaite. There was an entire absence of any evidence to show that he was a party to that sale. The mere fact that Mr. Bates was a partner in the firm in 1854, was not enough to fix him with the criminal consequences of this alleged transaction. The transaction of the 16th of March, 1854, was the transaction of Sir J. Paul, and Mr. Bates was not implicated in it; and after the pledging of the bonds to Overend, Gurney, and Co. became known to Mr. Bates, he discovered the whole transaction. There was not a tittle of evidence to show that he was aware of the former transaction. A man might be deceived by his partner having the financial management of a bank, and, in respect to a criminal charge of a most serious nature, the punishment, on the first principles of moral justice, should fall only on the guilty. Even the Attorney-General had expressed some doubt whether the charge was fully brought home to Mr. Bates. He knew the importance of this trial, involved as it was with the interests of commerce. Probably, many within the sound of his voice might have severely suffered from the fall of this house, once so respectable. It was perfectly possible that the jury might be attacked by the press for giving a fearless and discriminating verdict; but still he felt confident that they would discharge their duty firmly. He asked for Mr. Bates no more than strict impartiality and a minute examination of the evidence, and then he confidently anticipated that they would find a favourable verdict in the case of his client.

The case was here adjourned until the next morning. It being a charge of misdemeanour only, the jury were allowed to depart, and the defendants were also permitted to be at large, upon renewing the recognizances and bail under which they had surrendered. The bail of Mr.

Bates only being in attendance, the other two defendants were detained in custody.

The trial was resumed the following morning (October 27), at ten o'clock. Baron Alderson, Baron Pollock, and Mr. Justice Willes having taken their seats,

The ATTORNEY-GENERAL inquired of the Court what course should be taken in reference to the decision upon the point raised on behalf of the defendants, that having made a full declaration under the fiat of bankruptcy they were not criminally liable.

Mr. Baron ALDERSON—That will be a question entirely for the Court, and not for the jury. The question is, what is meant by the word "disclosure" in the Act of Parliament, whether it means something that was known before or something that was not known before. If the Court should be of opinion that the disclosure made is that contemplated by the Act, then it will be our duty to instruct the jury that there is no evidence before them.

Mr. Serjeant BYLES—In this case the disclosure is complete. The bankrupts surrendered. They said, "Here we are, and this is what we have done with the bonds."

Mr. Lawrance Abrahall, Registrar of the Court of Bankruptcy, put in the formal record of the proceedings in bankruptcy, and the disclosures of the bankrupts made in the course of their examination at the Bankruptcy Court as to the disposal of the £5000 Danish Bonds, which forms the subject of the indictment—their sale in March, 1854—the purchase of other bonds subsequently, and the depositing of these with Overend, Gurney, and Co., in April.

Mr. Lewis, attorney for the defendants Paul and Strahan, examined by Serjeant BYLES—The defendants consulted me after their stoppage, and it was by their advice that the statements read were prepared. They consulted me with a view, amongst other things, of making the disclosures within the statute. That statement was produced to the Commissioners, and the bankrupts requested that it might be handed in as their statement with reference to the securities they had received from customers, and the manner of their disposal.

The ATTORNEY-GENERAL—Not with reference to these solely.

Witness—As to the securities generally, and the manner of their disposal.

By Serjeant BYLES—The commissioner stated that as no creditor asked for them, the bankrupts might hand them in, if they thought fit, to the official assignee. The statement was then handed in, with the deposition which appears upon it, and which has just been read. To the best of my

recollection, the commissioner (Evans) signed it. (It was signed.) After that the solicitor to the fiat, Mr. Lawrance, placed the account in the hands of the official assignee, and then examined each bankrupt separately as to the truth of the statements contained in it. He asked each bankrupt, separately—"Is this a true account of all securities of any customers at any time pledged or converted by you?" They answered, "Yes." The question and answer were reduced to writing, and signed by the bankrupts.

Cross-examined by the ATTORNEY-GENERAL—Did not Mr. Parry apply to be allowed to examine them as to the truth of the statements they had handed in?

Witness—Yes; with reference to the securities, the account of which had been handed in.

Cross-examination continued—The commissioner said, that if any such application were made by a creditor, he would allow it, but on the bankrupts' own application he refused. Mr. Parry then said that he tendered this declaration of the bankrupts as the declaration required under the Bankruptcy Act, and he added that they had a right, under the statute, to put it in. Did not hear Mr. Parry say to Mr. Lawrance, "Do you wish to ask the bankrupts any questions?" It might have been said, but I was engaged at the time. Mr. Lawrance refused to aid me in any way in bringing up the bankrupts from the House of Detention, when they were in custody, and I had to apply to another commissioner for a warrant for that purpose. They had been examined at Bow Street on that day upon the charge preferred against them by Dr. Griffith. It was after their examination before the magistrate that I applied to have them brought up.

Mr. Serjeant BYLES put in the bankrupts' stock-book, in which accounts of the purchases and sales of stock and sureties were entered. He was instructed that this book contained nothing with regard to Dr. Griffith's securities.

Baron ALDERSON—Then I cannot see how it will help you. I will make a note that it contains nothing affecting those securities.

Mr. Serjeant BYLES—I put it in in case the Attorney-General should wish to examine it. The learned counsel then put in the bankrupts' ledger, in which was an entry on the credit side of £12,281 4*s*., the produce of the bonds sold on the 16th of March, 1854, and on the debit side, under date 15th June, an entry of £5100, as the purchase-money of the substituted bonds which were afterwards deposited with Overend and Co.

Mr. Bois, clerk to Overend and Gurney, proved the depositing of the bonds with this house by Mr. Young, the solicitor, who it afterwards appeared had borrowed the money upon them for Sir John Paul, his client. The witness identified the numbers of these bonds. They were deposited with Overend and Gurney on the 30th of April, 1855.

Mr. Savory was recalled to prove that the dividends had been regularly paid on the substituted bonds, but

Mr. Baron ALDERSON said it was clear that the money had been credited regularly as it became due.

This closed the case for the defence.

The ATTORNEY-GENERAL then proceeded with his reply. He disclaimed all intention to act harshly against the defendants, but simply to carry out the ends of justice. The case divided itself into two distinct points. The first was for the jury; the second for their lordships—the one whether the evidence was sufficient to convict, supposing the indictment could be sustained after the disclosures under the bankruptcy; and the other, whether, after that disclosure, there was, in fact, any evidence at all to bring the defendants within the statute. The first question was, had the defendants made away with the securities entrusted to them, in contravention of the terms of the statute? With regard to one of the defendants, Sir J. Paul, it was not denied that he had made away with securities, and the defence he relied upon was that a full disclosure had been made, and unless that was held to be sufficient by the court he must be found guilty. He admitted that the case of the two other defendants was somewhat different. His learned friend, Sir F. Thesiger, had put the case as though his client knew nothing whatever of what had been done by his partner Sir J. Paul. But his learned friend rested his case wholly upon what Mr. Strahan said in his interview with Dr. Griffith. But he (the Attorney-General) was not disposed to put implicit faith in a statement made for the purpose of avoiding the consequences of the criminal act with which he was charged. The strength of the case as against Strahan was not merely his own declaration, but the proof that they had been disposing of the securities of their customers for years. The disclosures made under the statute rendered the case ten times stronger, for it showed that they had carried on this system to the extent of upwards of £120,000. The ledger in which these transactions appeared, though it purported to be the private account of Sir John Paul, was evidently the account of the firm. The entries were not those of the account of any one of the partners, but evidently related to the account of the partners generally, in reference to the disposal of their customers' securities. (The learned counsel then read the items, which varied from £30,000 downwards, and generally tallied with the amounts received upon the sale or mortgage of securities, and the payments on the other side, with the amounts paid for the repurchase or recovering such securities; and he observed that in April, when the firm were in such a state of extremity that they were obliged to obtain advances from Overend and Gurney, there appeared a balance in this ledger, in favour of Sir John Paul, of upwards of £27,000.) He contended that this book, as well as the evidence gene-

rally, clearly proved that all the partners were cognizant of what Sir John Paul did. Turning to another part of the case, the evidence on the part of the defendants, his learned friend had shown that Sir John Paul had disposed of certain securities, not the securities originally deposited as those of Dr. Griffith, but the securities substituted for them. The order to the broker to purchase the original securities was given on the authority of the firm generally; but if the original securities were misappropriated by Sir John Paul, without the knowledge of the other partners, it was difficult to understand how they could have been parties to the repurchase and substitution of other securities, in lieu of those so misappropriated. They said, "We have made a disclosure of the second transaction, which disclosure protects us from the consequences of the first." With regard to Sir John Paul, even assuming his disclosure as to the transaction with Overend and Gurney to be complete, that he (the Attorney-General) apprehended was no answer to the case.

Mr. Baron ALDERSON—I own I am certainly of that opinion, it is a disclosure of that which is no offence, as an answer to that which is.

The ATTORNEY-GENERAL resumed, and contended that the disclosure made under the advice of Mr. Lewis, the solicitor, was not a *bonâ fide* disclosure under the bankruptcy laws, but a disclosure for the purpose of setting the creditors at defiance, and protecting the bankrupts against the consequence of their criminal acts. The disclosure was made voluntarily without any examination. The commissioner refused to examine them unless some creditor desired it, and as no creditor desired it they were not examined upon it.

Mr. Baron ALDERSON—Whether that was sufficient or not is a question, not for the jury, but for the court.

Mr. Serjeant BYLES—I hope your lordship will reserve the point.

His Lordship—If there be any doubt in the mind of the court, we will reserve it, but otherwise I am not disposed to reserve points. We should not reserve it unless there were a difference of opinion amongst the judges in any other case. My own opinion is, that it is not a case for the jury at all.

Baron MARTIN also expressed his opinion that there was no question to be put to the jury in this part of the case.

The ATTORNEY-GENERAL, after some further remarks, said the question for the jury was whether Mr. Strahan and Mr. Bates, or either of them, were parties to the sale of the securities belonging to Dr. Griffith, in March, 1854.

Mr. Baron ALDERSON summed up. The question was, did the defendants sell the securities of Dr. Griffith contrary to their trust. If so, they were guilty of the misdemeanour. As against Sir J. D. Paul, the case pressed more hardly than against either of the others, and as against Strahan

more hardly than against Bates, that would probably be the order in which the jury would have to consider the question as to the guilt of the parties. His Lordship then recapitulated the evidence of Dr. Griffith, showing that he ordered the defendants to purchase the bonds, and keep them in safe custody, the fact of their purchase, their subsequent sale without authority, the appropriation of the proceeds to their own purposes, the particulars of the interview between Dr. Griffith and Strahan after the bank had failed, in which the latter stated that the bonds had been disposed of in such a manner that Dr. Griffith could not get at them, and that he (Strahan) was as much responsible for the transaction as Sir John Dean Paul, and that that was the first dishonest transaction he had been engaged in in his life, and the defence set up that this conversation related entirely (in so far as Strahan was concerned) to the transaction of the deposit of bonds with Overend and Gurney in April; and remarked that the jury must, of course, take into consideration the circumstances under which that statement was made, warrants having been issued at the time to apprehend the defendants on the criminal charge. The evidence of Alexander Beattie proved the pressure upon the bank in 1853-4, and the sale of the bonds through Mr. Beattie's brokers, Foster and Braithwaite, and the payment of the money over to Sir John Paul by an open cheque of Mr. Beattie's, instead of by the cheques given by the stock-brokers. There was no doubt, therefore, of the sale of the bonds by Sir John Paul, as charged in the indictment. The act of breach of trust was clear as against him; and unless the disclosure under the fiat of bankruptcy exonerated him, he was liable to punishment. As to the complicity of the other two defendants, he observed that a partner was responsible civilly for the acts of his co-partner, but not criminally. In a criminal act, to make a man liable he must be personally, in some way or other, a party to the act, that was, if he did not personally perform or take part in the act itself, he must authorize it some way or other, or be cognizant of it. At the same time, it must not be forgotten that Strahan and Bates were partners, and as such, must naturally be supposed to know of what was going on in the concern, and it was for the jury to say, whether, as being partners, they did not know of the transaction. In the first place, the money paid by Foster and Braithwaite, on account of the bonds sold, was entered in Sir J. Paul's book, and the aggregate of the sale, £12,281 5*s*., was brought to the credit of the bank. This was an important point for consideration. Then it must be presumed that the partners were generally aware of the securities in their strong room, and whether any of them were abstracted. It did not follow, however, that they were necessarily aware of such abstraction; but this was one among other matters in the evidence which the jury would have to consider. In reference to the disclosure before the Court of Bankruptcy, it was to be observed that Strahan's declaration spoke of the £10,000 bonds converted, but not of the

£5000, and stated that the account rendered was a true account of the bonds and securities converted by him. With regard to Bates, the case was less strong, as to his knowledge of such conversion, in so far as his declaration went, for he gave the account as that of securities converted, not by him personally, but by the firm. Passing from the circumstances of the case, as they appeared in evidence, he turned to the question which would be for the decision of the court. The Act of Parliament was regularly worded. It declared that no banker, broker, agent, or other person liable under the Act, should be liable to conviction by any evidence whatever, in respect of any act done by him, if he shall, at any time previously to his being indicted, have disclosed such act on oath, in consequence of any compulsory process in any court of law or equity, or in any action or *bonâ fide* process, or in examination or deposition before any court or commissioner in bankruptcy. And the Act gave to the Court of Bankruptcy the right of examining on oath. But the inference was that Parliament intended that the Court of Bankruptcy should have the power to call for such disclosures, and not that a person who was guilty of an act which, upon conviction, made him liable to transportation for fourteen years, should escape the consequences of that act by going to a commissioner of bankruptcy, and tendering a statement. After calling attention, also, to the fact that, in the declaration made to the Court of Bankruptcy, no reference was made to the bonds which formed the subject of the indictment, but merely to the bonds deposited with Overend and Gurney, and repeating that the question of the effect of the disclosure would be for the court only to consider, he left it to the jury to pronounce upon the guilt or innocence of the defendants.

After consulting together for a few moments, the jury expressed a wish to retire; and after an absence of half an hour, returned a verdict of GUILTY against all the prisoners.

Mr. Baron ALDERSON to the jury—What is your opinion as to the other point?

The Foreman—That there has been no disclosure within the meaning of the Act.

Mr. Baron ALDERSON—Ah, you think not? Do you think, then, it was a sham?

The Foreman—We do.

Mr. Baron ALDERSON suggested, that as the judges were unanimous that the disclosure under the bankruptcy would not save the prisoners, the verdict had better be entered upon the first and third counts, under which the question would not arise.

This having been done,

Mr. Baron ALDERSON proceeded to pass sentence. He said—The prisoners at the bar had been found guilty of the offence of disposing of

securities entrusted to them as bankers by their customers for safe keeping, and for their use, but which they (the prisoners) had appropriated, under circumstances of temptation, to their own. A greater or more serious offence could hardly be imagined in a great commercial community like this, or one that tended more to shake the confidence of all persons in such establishments as that which they had so long, and for some time so honourably, conducted. He very much regretted that it had fallen to his lot to pass sentence upon persons in their position, but the public interest and public justice required it, and it was not for him to shrink from his duty, however painful it was to him. He could have wished that that duty had fallen upon some one else, recollecting as he did that he had more than once met, at least one of the prisoners, under far different circumstances, sitting by his side in high office, instead of being before him in the prisoners' dock. All the prisoners had been well educated, and had moved in a position of society. The punishment which was about to fall on them therefore, would be far more severe, far more heavy, and much more keenly felt than it would probably by persons in a lower condition of life. It would also, he regretted to say, afflict those who were connected with them, and who would naturally feel their present position with great severity. These, however, were not considerations for him at that moment; all he had to do was to say that he could not conceive any worse case that could arise under the statute under which they had been convicted, and that being evident, he had no alternative but to pass upon them the sentence which the Act of Parliament provided for the worst class of offences arising under it, which was that they be severally transported for the term of fourteen years.

The prisoners were then removed in custody, and the Court adjourned.

THE ESTATE OF MESSRS. STRAHAN, PAUL, AND BATES AS ADMINISTERED IN BANKRUPTCY.

The following is the report prepared by Mr. Turquand, the public accountant, on the general affairs of this estate, together with copies of the joint and separate balance-sheets :—

"13, Old Jewry Chambers, Dec. 10.

"To the Assignees of the Estate of Messrs. Strahan, Paul, and Bates.

"GENTLEMEN,—I beg to make the following report of my investigation of the books and accounts of Messrs. Strahan, Paul, and Bates :—

"REPORT.—The bank of Messrs. Strahan and Co. was one of the oldest on record, dating its origin from the early part of the reign of Charles II. At the time of the bankruptcy, the firm consisted of William Strahan, Sir John Dean Paul, and Robert Makin Bates. Sir John Dean Paul (then Mr. Paul) became a nominal partner in 1823, taking no share of the profits

until the death of his father, the late Sir John Dean Paul, in January, 1852. The firm was composed of Robert Snow, Sir J. D. Paul, and J. D. Paul. William Strahan (who had changed his name from Snow on inheriting a very considerable property from an uncle in 1831) joined the above firm, with his brother Robert Snow, in 1832. Robert Snow, sen., died in 1835. Robert Snow, the younger, retired from the bank in 1841, and in January, 1842, Robert Makin Bates, who had for many years been a confidential clerk in the bank, became a nominal partner at a salary of £800 per annum, subsequently raised to £1000 per annum, without any share in the profits. It is not necessary, for the purpose of elucidating the present position of the bank, to go further back than the partnership of Robert Snow, William Sandby, and John Dean Paul, formed in 1813. On the death of Mr. Sandby, in 1816, the partners were indebted to the bank in a sum of £29,000, which was apportioned in the following manner:—Robert Snow, £16,681 2*s.* 9*d.*; Wm. Sandby, £8,989 2*s.* 6*d.*; John Dean Paul, £3,329 14*s.* 9*d.* Total, £29,000.

"The debt of William Sandby was paid off by his executors by the end of the year 1826. At that period the debt due by the remaining partners had increased to £53,600, which was apportioned in the following manner:—Robert Snow, £36,319 10*s.* 9*d.*; the late Sir J. D. Paul, £17,280 9*s.* 3*d.* Total, £53,600. This debt was represented by a joint note of the two, by an arrangement between themselves, and acquiesced in by succeeding partners. The amount was to be considered as a debt due to the bank, to be gradually liquidated by a certain portion being carried every year to profit and loss. By this means, at the death of the late Sir J. D. Paul, the amount had been reduced to £28,500, and at the date of the bankruptcy had been further reduced to the sum of £23,500.

"The balance-sheet now filed commenced on the 31st of December, 1851, showing a deficiency of £71,990 7*s.* 2*d.*

"Deducting the amount then standing to the credit of William Strahan's capital account, £10,330 6*s.* 1*d.*, less the amounts to the debit of the present Sir J. D. Paul, £213 13*s.* 8*d.*, and R. M. Bates (loan) £3,669 4*s.* 4*d.* (£3,882 18*s.*), £6,447 8*s.* 1*d.*, left an actual deficiency between assets and liabilities of £65,542 19*s.* 1*d.*

"This deficiency appears to have been composed of the following items, viz.:—Balance due on joint note, £28,500; debt due by the late Sir J. D. Paul, £35,477 12*s.* 1*d.*, less balance of subsequent receipts and payments to the credit of his account, £10,084 15*s.* 5*d.*; total, £25,392 16*s.* 8*d.*; bad and doubtful debts not written off, £2,446; bad and doubtful debts, Halford and Co., £15,705 12*s.* 8*d.*; estimated loss on valuation of bank assets, £4,369 1*s.* 6*d.*; total, £76,413 10*s.* 10*d.*

"Deduct—Amount standing to credit of balances written off as unclaimed, £4,073 4*s.* 1*d.*; Halford and Co., alleged surplus, as shown by

books, £349 19*s.* 7*d.*; balance to credit of partners' accounts, £6,447 8*s.* 1*d.* (£10,870 11*s.* 9*d.*) Total, £65,542 19*s.* 1*d.*

"It should be remarked that there is one item included in the assets at its full amount, the actual value of which would materially affect the above position, and that is a sum appearing to the debit of Lord Mostyn of £92,001 16*s.* 10*d.* Between the years 1848 and 1850, large advances had been made, and in January, 1850, a lease of the property known as the Mostyn Colliery was granted by Lord Mostyn to the bank, to secure a sum of £67,541 14*s.* 8*d.* then due by him.

"The colliery required very considerable outlay to bring it into a productive condition, and upwards of £45,000 was so expended by the bank. With this expenditure, and arrears of interest, the amount to the debit of the account at the time of bankruptcy was £134,940 17*s.* 1*d.* The colliery had thus been brought into a productive state, yielding, however, only sufficient to cover expenses and to pay interest on a sum of £45,000, which had been borrowed by the bank on the security of the lease, to meet the necessary outlay. Taking the amount thus borrowed as an indication of the value of the assets, the deficiency of the bank would be increased to about £110,000. At this date, however, William Strahan was possessed of unencumbered private property to the extent of upwards of £100,000, Sir J. D. Paul about £30,000, and R. M. Bates about sufficient to cover his debt to the bank—say, £3000. Taking into consideration the security thus afforded to customers by the value of the private property, it might be inferred the bank would, with care and prudence, have recovered its position. The unfortunate connection, however, with Messrs. J. H. and E. F. Gandell, commencing in 1852, and resulting at the date of the bankruptcy in a debt to the bank of £269,382 3*s.* 5*d.*, with liabilities in addition on their own account to the extent of £103,870, coupled with the already heavy withdrawal of capital in respect of Lord Mostyn's debt and the Mostyn Colliery, may be fairly looked upon as the causes which brought about the disastrous failure of the bank.

"Messrs. Strahan and Co. were induced, by the representations made to them by Messrs. Gandell, to advance from time to time large sums of money for the purpose of enabling them to carry out certain contracts for the construction of railways in France and Italy, and for the drainage of the Lake Capestang, situated in the south of France. The profit to be derived by Messrs. Strahan in the transactions was 5 per cent. interest on money advanced, ½ per cent. commission on all payments made by them, and the payment of a debt of £1800, considered bad, due by J. H. Gandell to the bank in 1850.

"The debt to the bank (for which no tangible security was held) soon assumed such gigantic dimensions, and Messrs. Gandell's affairs were found to be in that condition, that Messrs. Strahan imagined they had no alter-

native left but to continue their advances for the purpose of maintaining Messrs. Gandells in a position to carry on the various contracts, the completion of which was looked to as the source whence the vast sums advanced were to be recovered.

"The time arrived when the resources of the bank were no longer able to meet this constant drain upon it. Acceptances were then given, and other heavy periodical liabilities incurred, for the purpose of providing the required funds. These last acts appear to have led to the most distressing feature of this case; almost the whole property of the bank had been pledged, and Mr. Strahan's private estate was resorted to for the same purpose: the large sums so raised had disappeared, and there was no alternative but the payment of the acceptances and other liabilities as they fell due, or bankruptcy. In the vain hope that the anticipated funds would yet be forthcoming, in time to avert the impending ruin, recourse was had to those means of raising funds, the consequences of which are now being visited on the bankrupts. The nature and extent of the securities held by the assignees in respect of the debt due by Messrs. Gandell are detailed in the balance-sheet.

"The present deficiency of the bank is as follows:—

Liabilities	£652,593 15 0
Estimated assets . . .	127,670 16 7
Deficiency . .	£524,922 18 5

"It will be seen by referring to the items composing this deficiency, as set forth in the balance-sheet, that the sums involved in the transactions with Messrs. Gandell and Co. and Lord Mostyn amount to upwards of £483,000 of the whole amount. Time has not permitted the completion of the balance-sheets of the separate estates, but they will be filed as expeditiously as possible. The position of the bankrupts' personal accounts with the bank at the time of its failure is, however, shown on the face of the joint balance-sheet now filed.

"I have the honour to be, Gentlemen, your obedient servant,

"W. TURQUAND."

BALANCE-SHEET OF MESSRS. STRAHAN, PAUL, AND BATES.

To creditors unsecured . . .		£411,210 15 4
To creditors of Halford and Co. . .		26,800 16 4
Creditors for securities sold .	£15,964 6 0	
Ditto pledged . . .	94,911 7 8	
Ditto belonging to customers of Halford and Co.	12,802 17 0	
	123,678 10 8	
Deduct amounts for which certain of the above parties are debtors, or hold security	13,221 12 4	
		110,456 18 4
Carried forward . .		548,268 10 0

Brought forward						£548,468	10 0
Creditors holding security fully covered per contra			£184,889	12 11			
Ditto partly covered			12,935	5 0			
Deduct estimated value of securities held			12,680	0 0			
						255	5 0
Creditors for advances on pledged securities per contra			100,109	17 4			
Creditors who issued extents, and were paid in full, deducted from assets, per contra			3,599	2 1			
Liabilities on account of Messrs. Gandell						103,870	0 0
Profit net						31,304	1 9
To W. Strahan—Balance to his credit after deducting amount drawn out by him for private expenditure						17,401	14 3
Sir J. D. Paul, ditto						772	12 3
W. Strahan—For separate property held by creditors of bank			70,457	0 0			
Amount required to cover their claims						32,673	4 0
						£734,745	7 3

CREDITOR.

By Debtors—Strahan and Co., considered good						£76,536	14 1
Halford and Co., ditto						22,484	2 8
Doubtful and bad			£28,298	18 3			
Do., Gandell and Co.	£289,382	3 5					
Less purchase-money of Capestang Lake	20,000	0 0					
			269,382	3 5			
Do., Lord Mostyn	134,940	17 1					
Deduct proportion of debt mortgaged	44,967	3 4	89,973	13 9			
Property unincumbered, viz.—[Shares			£4,333	15 0			
Life policies			12,315	13 0			
Freehold and leasehold			2,500	0 0			
Exchequer bills			300	0 0			
						19,449	8 0
Capestang Lake not carried out—the expenditure required to complete the drainage and other incidental circumstances rendering the value of this property uncertain			20,000	0 0			
By cash in hand, 11th of June			1,767	2 5			
By bills receivable			9,949	3 6			
By cash at the Bank of England			83	8 0			
			11,799	13 11			
Deduct creditors paid in full per contra			3,599	2 1			
						8,200	11 10
Carried forward						126,670	16 7

Brought forward . . .			£126,670 16 7
By debtors, the securities representing which are held by creditors . .	£69,343 13 10		
By property of bank held by creditors .	96,996 16 0		
Do. of William Strahan, held by joint creditors . 70,457 0 0			
Amount required to cover their claims .	32,673 4 0		
	199,013 13 10		
Deduct amount held by creditors partly covered	12,680 0 0		
Leaving do. held by do. fully do. .	186,333 13 10		
Deduct amount of claims of creditors fully covered . . .	184,889 12 11		
Balance available for estate . .	1,444 0 11		
Considered as a good asset in respect of one security to the extent of			1,000 0 0
The residue is not carried out, being subject to deduction for interest accruing due on creditors' claims .			
Total amount of assets considered good .			127,670 16 7
By securities pledged belonging to customers of the bank . . .	94,911 7 8		
Ditto Halford and Co. . . .	12,802 17 0		
Deduct amount so borrowed . . £100,109 17 4	107,714 4 8		
Less value of Exchequer-bills belonging to bank included . . 2,819 12 0	97,290 5 4		
	£10,423 19 4		
This balance is not carried out as an asset, being subject to the question as to the right of the assignees and of the parties to whom the securities belonged.			
By deficiency, December 31, 1851			71,990 7 2
By amounts not carried out above, viz.:—			
Doubtful and bad debts			28,298 18 3
Gandell and Co.'s debts			269,382 3 5
Lord Mostyn's balance			89,973 13 9
Capestang Lake			20,000 0 0
Surplus value of property held by creditors as security . . .	£1,444 0 11		
Considered a good asset only for .	1,000 0 0		
			444 0 11
Surplus value of customers' securities pledged . .			10,423 19 4
By R. M. Bates' salary			5,750 0 0
Balance to his debit			4,381 7 10
Sir J. D. Paul (deceased), proportion of profit credited him in 1852, written back			4,560 0 0
Liabilities per contra			103,870 0 0
			£734,745 7 3

SEPARATE ESTATES OF MESSRS. STRAHAN, PAUL, AND BATES.

The separate Estate of WILLIAM STRAHAN, *from January* 1, 1852, *to June* 11, 1855.

Dr.

To Creditors unsecured			£659 3 10
Creditors holding security			2,760 0 0
Liabilities on account of bank			134,008 11 8
Liabilities as co-trustee with Sir J. D. Paul			17,231 10 7
Income			15,458 13 4
Share of profits of bank passed to my credit in 1852	£5,700 0 0		
Ditto in 1853	7,700 0 0		
Ditto in 1854	7,000 0 0		
		20,400 0 0	
Surplus assets on the 1st of January, 1852		128,048 2 0	
		£318,566 1 5	

Cr.

By debtors (good)			£1,471 6 0
Ditto (doubtful)			774 16 10
By Property unencumbered:—			
Sundries			12,059 16 7
Shares			4,376 10 0
Reversionary interest			400 0 0
By property held as security by private creditors			2,760 0 0
By property, security to creditors of bank			
By expenses, including improvements at Ashurst, and expenditure on farms:—			
Expenditure	£14,956 8 9		
Improvements, &c.	8,551 11 7		
		23,508 0 4	
By annuity paid R. Snow		1,753 17 1	
By losses		11,962 18 1	
By Strahan and Co.:—			
As per joint balance-sheet	£17,401 14 3		
Add share of profits	20,400 0 0		
		37,801 14 3	
By liabilities per contra		151,240 2 3	
		£248,109 1 5	

SEPARATE ESTATE BALANCE-SHEET OF SIR JOHN DEAN PAUL, BART.

Dr.

To creditors unsecured			£23,402 11 6
Creditors holding security fully covered	£14,500 0 0		
Creditors holding security partly covered	15,000 0 0		
Less value of security	1,188 9 0		
		13,811 11 0	
Carried forward		37,214 2 6	

Brought forward			£37,214	2 6
Liabilities on account of bank			134,008	11 8
Liabilities as trustee, &c.			20,880	1 1
Income			3,546	9 4
Share of profits of bank passed to my credit in 1853	£3,300 0 0			
Ditto in 1854	3,000 0 0			
			6,300	0 0
To surplus of assets on the 1st of January, 1852			14,757	14 0
			£216,706	18 7

Cr.

By debtors (good)		£2,241	4 0
Debtors (doubtful)		10	0 0
Property		9,306	19 0
Property held as security by creditors fully covered	£20,400 0 0		
Deduct amount of their claims	14,500 0 0		
		5,900	0 0
By expenses		17,175	11 9
Allowance to my son and other members of my family, etc.		11,726	2 9
Losses		8,395	16 1
Strahan and Co., as per joint balance-sheet	£772 12 3		
For share of profit	6,300 0 0		
		7,072	12 3
By liabilities per contra		154,888	12 9
		£216,706	18 7

THE SEPARATE ESTATE OF ROBERT MAKIN BATES.

Dr.

To creditors	£85	3 7
Strahan and Co.	4,381	7 10
Income	4,405	2 10
Surplus of assets over liabilities, January 1, 1852	729	10 8
Liabilities on account of bank	134,008	11 8
Ditto, as co-trustee with Sir J. D. Paul	4,336	12 1
	£147,946	8 8

Cr.

By property	£1,903	3 7
Expenses	4,456	11 6
Losses	2,793	3 2
Interest to Strahan and Co.	448	6 8
Liabilities per contra	138,345	3 9
	£147,946	8 8

REPORT ON SEPARATE BALANCE-SHEETS.

"The separate balance-sheets commence on the 1st of January, 1852. In the report made on the 11th of December last, upon the joint balance-sheet, the surplus private property of the partners was estimated to have been as follows, on the 1st of January, 1852, viz. :—

W. Strahan	£100,000
Sir J. D. Paul	30,000
R. M. Bates	Nil.

"On making up the balance-sheets, the ascertained amounts are as follows :—

W. Strahan	£128,048	2	0
Sir J. D. Paul	14,757	14	2
R. M. Bates	72	1	8

At the date of the bankruptcy, the creditors of W. Strahan amounted to	£3,419	3	10
The assets amounted to	92,299	9	5

Of which £70,457 are held as security by bank creditors.

The creditors of Sir J. D. Paul, secured as well as unsecured, amounted to	£52,902	11	6
The assets, including property held as security, to .	31,958	3	0
The creditors of R. M. Bates, including debt due to the bank, amounted to	£4,466	0	5
The assets amounted to	1,903	3	7

"It will be seen, on reference to the balance-sheets, that liabilities arising out of bank transactions to the amount of upwards of £134,000, have ranked against the assets of the separate estates, independently of sundry liabilities in respect of trust funds. During the period embraced by the balance-sheets, the amounts paid into the bank by William Strahan and Sir J. D. Paul exceed the sums drawn out by them. In the case of William Strahan such amount was supplied from his private estate; in the case of Sir J. D. Paul, partly from the sale of his private property, and partly from moneys in respect of which parties are now creditors on his separate estate." "WM. TURQUAND."

CHAPTER V.

JOSEPH WINDLE COLE AND THE DOCK-WARRANT FRAUDS.

The Origin of the Frauds—The Antecedents of Cole and his Associates in Business—His Successful Operations and Extension of his Engagements—Connection with Davidson and Gordon—Failure of the respective Firms—The Discovery of the Transactions with Messrs. Overend, Gurney, and Co.—The Position of Mr. David Barclay Chapman—The Bankruptcy of Joseph Windle Cole and of Davidson and Gordon—The Apprehension of the Former and the Flight of the Latter—The Examination respecting the Issue of Spurious Warrants—The Disappearance of Maltby, the supposed Proprietor of Hagen's Wharf—Trial and Conviction of Cole—Death of Maltby—Subsequent Arrest of Davidson and Gordon—Their Trial and Imprisonment.

Of the various incentives that exist to the investigation of fraud, the strongest, perhaps, lies in the hope of thus obtaining judicious suggestions for the improvement of existing regulations so as to exclude, if possible, the repetition of the illegal or prejudicial operations thus brought to light. To this end, however, increased individual vigilance will be found quite as essential as any alteration of forms, or any checks or modes of dealing. Fraud that has attached itself to any one set of transactions, after being repelled in one form, not unfrequently reappears in another. The complex character of recent impositions that have been practised in taking advantage of those agencies by which exchanges are effected, and business conducted with celerity and despatch, points to the folly of idly relying on even the most perfect system of mechanical checks, for in the very provisions which experience has furnished for securing straightforward transactions, human ingenuity has found materials for fresh occasions to deceive.

Even that spirit of general confidence which results from the long observance of good faith in any given line of business becomes in its turn a dangerous lure to the unprincipled, and is sought to be made available for their purposes. Experience goes to show the necessity of exercising a vigilance quite independently of any rules that may be formed from observations on human character; that the highest forms of combination which financial science has provided may be applied to criminal purposes quite as readily as to any other, flourishing for years, and eluding all detection, except by those who have traced to their source the "irregularities" by which these carefully-concerted schemes usually manifest themselves—schemes so combined and so applied that any discovery short of this, any control or separation of the partial instruments and subordinate agents, can contribute little or nothing to their repression. Thus—

> "Many things having full reference
> To one consent may work contrariously,
> As many arrows loosed several ways
> Come to one mark, as many ways meet in a town,
> As many fresh streams meet in one salt sea,
> As many lines close in a dial's centre."

There can be no question that, when fraudulent operations of this complicated character are brought to light, any indiscretion or lukewarmness in properly dealing with them, whether resulting from the solicitation of the criminal parties, or from the prospect of individual interest arising from what is virtually an enforced partnership, must result in incalculable mischief. With the more competent view, which is gradually expanding, of the principles which enter into the right conduct of business, it is to be hoped that fewer inducements will hereafter be held out to those accustomed to look to men of position and character for support in their criminal irregularities. The application of these observations to the case about to be introduced will be sufficiently apparent.

The year 1850 marks in the commercial and trading annals of London, the commencement of a fraud of the most extraordinary character, the effects of which were far too extensive to permit the supposition that it depended on anything else than a defective system in that branch of business to which it referred, though perhaps incautiously characterized at a subsequent time, on the judicial bench, as one of the most dangerous, as well as one of the most criminal, that could be perpetrated in any community. This scheme bore all the marks of careful preparation, so well did it conform to present circumstances. Aided by large mercantile experience, the plan through which it operated not only long defied discovery, but proved itself well able to withstand, under the defective arrangements which generally existed, well calculated to surmount those disturbing influences, which never fail to present themselves when fictitious credit comes largely to perform the office of capital. To obtain a tolerably clear view of this transaction for creating additional resources, without any corresponding increase of personal ability, or any new means and channels of redeeming credit, some preliminary explanation, partly of a technical and partly of a personal character, will be necessary.

This daring operation consisted in imposing on numerous parties, willing to advance money on approved securities, dock-warrants, which gave no control to the holder over the goods they represented, while yet they conformed so nearly to every requirement of custom and usage, as to render it a marvel in the end, even to those parties who found themselves powerless to enforce the anticipated delivery, how it happened they were without effect. The guarantees by which the genuine character of dock-warrants is guarded, were deemed so sufficient, that they could not be broken in upon short of forgery; and that if any advantage could be taken of them other than that arising from the laxity of dealers, or the remissness of holders, no one of position and character would deal

fraudulently with them; while it was presumed that from the simplicity of the document, and the means of testing it, success was precarious, and at best but temporary. The scheme was involved in such mystery, that when suspicion of fraud had been excited, for a length of time all the available evidence that could be brought to bear on transactions relating to it, fell short of the discovery of its precise characteristic, and failed to disclose the extent of its development.

Joseph Windle Cole, the supposed great originator of the fraud about to be described, comes before the public in the year 1848, as a general merchant, setting up with the style and title of Cole Brothers, though without a partner, as an East India merchant, under the protection of a certificate of bankruptcy. The firm of Johnson, Cole, and Co., of which he had been a member, had failed in November of the previous year, with a doubtful reputation, leaving but indifferent assets. Cole established his office in Birchin Lane, took in two of his brothers as clerks, and commenced, by aid of loans he had received, or through other temporary resources, with making consignments to order and shipping on his own account.*

Two considerations affected him, the limited amount of his means, the degree to which he thought it important to be able to avail himself of increasing and obvious advantages. He had apparently set his mind on securing the virtual monopoly of a branch of the trade in metals, and so was indisposed to wait for the remote results of enterprises adapted to the restricted scale of his then present resources. When connected with the house of Forbes, Forbes, and Co., as a clerk, the opportunity had been afforded him of establishing a large connection in this country and in India. Favoured by this circumstance, he appeared inclined to risk the whole beneficial consequences

* Two huge pamphlets, by Mr. Seton Laing, the assignee to Cole's estate, fully expose these frauds, but in a very extended form. They, however, contain much interesting information, and clearly trace the history of the whole of these nefarious transactions.

which might have been derived from that position through the folly of enlarging his operations to the widest possible extent. He had great business capacity, but this lay chiefly in ability to multiply transactions, to increase the sphere of those transac tions, and to control them up to a given point, as well as to persuade others to enter into his views, and to co-operate with him in his plans; but the efforts he put forth brought with them no proportionate results. In his first efforts to carry out business he had been unsuccessful, having been brought down in the panic of 1847-48; and now, on entering the scene of a fresh career, he was determined to employ his talent on a much larger scale. Among the houses which also failed in that calamitous period was one, trading as produce brokers, under the title of Messrs. Sargant, Gordon, and Co., containing three partners, viz., Messrs. Sargant, Gordon, and Davidson, but when the estate was wound up they separated, Mr. Sargant entering another branch of business, and Messrs. Gordon and Davidson forming a new firm in the metal trade, reversing the order of names, and calling it Davidson and Gordon. They were intimate with Joseph Windle Cole, and their business connections became eventually extensive.

In seeking for some artificial prop, some mode of replenishing his languishing means, he evidently resolved upon a new and hitherto untried experiment. His personal knowledge directed him to the fact, that the large discount houses who, accustomed to make advances on warrants, seldom examined the documents tendered, further than to see that they were properly signed and satisfactorily endorsed, and that a fair margin was left for profit over and above the advance required, the warrants being scarcely ever noticed again, so that the loans advanced on them were punctually met, or duly renewed. The problem to be solved, and to the solution of which Cole now applied himself, was this: Granted, that the guarantees tendered by me to money-lenders are wholly imaginary, how shall I arrange it

that without risk to myself, and in that case certainly without injury to the other party, seeing that interest will be duly paid, and the money so obtained be eventually refunded from the profits of successful enterprises, I can make a fictitious batch of warrants answer the purposes of a genuine series.

That certain favouring circumstances, as they successively presented themselves, must have suggested to Cole portions of the completed scheme, or at least have given to it precision and distinctness, as it slowly arose in his own mind, and was afterwards carried into execution, there can be no question; but these circumstances must have been preceded by the general conception of duplicate warrants, of cargoes turned twice over, of two deliveries of the same goods, of two distinct warrants signed by separate wharfingers, acting independently of each other, of one of these warrants being made deliverable to the importer of the goods represented by it, the other to himself as the merchant-purchaser, of entering the goods in the record kept by the dock company on his own account, it being immaterial to the company, but very material to himself, as to whether he figured as purchaser or importer; in a word, all those leading measures necessary for the creation of an artificial guarantee that should avoid the risk of an opposite result. The obliteration of all obvious distinction between the true and the false warrants was, from the first, an essential condition which pervaded all the arrangements, and characterized the whole history of the fraud. To bring a wharf under his control, and to secure a wharfinger in his interest, was the first step; and to purchase goods "to arrive," and to induce importers to enter goods of the character he desired for the warrants, to the largest possible amount, at his own wharf, was the second step. The goods, as soon as lightered and weighed by his own wharfinger, were to be handed for storage to the nearest warehouse, and not a receipt, but a warrant obtained for them, on the presumption, of course, that no other warrant

had been issued. The warrant signed by Cole's own wharfinger, and made deliverable to him, would, on endorsement, pass current in the market, whilst that supplied from the warehouse, on being endorsed by the importers, could be used for obtaining advances.

Intent on the execution of his scheme, Cole soon obtained information that a small wharf, by the name of Hagen's Sufferance Wharf, situate on the Thames, in St. Saviour's Dock, Bermondsey, was to let. In all respects it appeared suitable to his purposes. The frontage was narrow, and there abutted on it enormous warehouses, which would strike any casual observer as being in the possession of the lessee of the wharf, and so enforce the authority of the acting wharfinger of the latter. This effect was the more striking that these warehouses not only adjoined, but opened on the wharf, which allowed free ingress and egress to the occupants. At the further end of the wharf, opening on Mill Street, was a shed, and opposite to it, divided by the road, a small cottage, which was part of the property. The wharf was found to be the property of Mrs. Mary Hagen, by whom also the adjoining warehouses were partly held, a discovery which promised materially to aid the pretensions Cole was about to set up. Anxious as was Cole to secure the premises, he avoided, in the exercise of his usual caution, all appearance of being the party seeking possession. Accordingly, his brother, James Edward Cole, and a person of the name of George Harris De Russett, "a gentleman at ease," who will figure again in this narration obtained the premises on a lease for fourteen years, at an annual rental of £130.

The ostensible and "coming man" was not far off. Cole had already provided for a wharfinger in the person of William Maltby, formerly a fellow-clerk in the house of Forbes, Forbes, and Co., and who had recently applied to him for a situation. Maltby, on whom so much depended, had proved himself,

during the temporary employment Cole had lately given to him, on his application, to be disposed to submit implicitly to whatever he deemed the inevitable necessities of a position which would procure for him subsistence. No time was to be lost in putting such a man in possession. This was done, but without obtaining for him a license. Cole, who saw no reason to make Maltby the partner of his plans, merely vouchsafed to inform him that he had taken the wharf in order to economize charges on a largely increasing trade in metals. Sufficient light would, in due time, be let into the mind of Maltby, who as yet had not caught sight even of the scintillations of those dazzling visions that shone on the career of Cole. With a simplicity that approached stolidity, Maltby formed such an idea of the omnipotency of Cole, that he was ready to do anything commanded by his employer, looking to him "to put all right," and uninquiring as to the results of a course full of peril to himself, as subjecting him not only to the charge of signing warrants for goods for which he had nothing to show, but of entering into a conspiracy to defraud. Maltby, as Cole had done, created himself into a firm, to be styled "Maltby and Co.," and then called on Messrs. Groves and Sons, the lessees of the adjoining warehouses, representing, as the agent of Cole Brothers, that the wharf which they had taken was insufficient for the accommodation of the goods lightered there, and stating their willingness to enter into an arrangement by which, after he had weighed the goods, they should store the same away, he receiving the landing charges, and they the charges for rent. Nothing could seem more equitable than this proposal; it was quite in the usual course of business, and Messrs. Groves and Sons had accordingly no hesitation in giving their compliance. Maltby was delighted for the sake of his employers; but he had a parting request to make, a slight one, to which Messrs. Groves and Sons, after the spirit of accommodation they had shown, would doubtless

accede to. This was that they would allow the goods thus stored to be seen and examined from time to time, as might be required, by the customers of Cole Brothers. "Oh, surely." Nothing now was necessary but to carry the scheme into full operation. To Maltby came the admonishment—

"Thou art instructed!
With caution answer, wilt thou swear?"

Maltby drew his warrants, which were chiefly for spelter, tin, steel, copper, iron, and lead, deliverable to the importer, whilst those of Groves and Sons were made deliverable to the holder from whom they were received, and, accordingly, ran in the name of Cole Brothers. The warrants received from Groves and Sons were taken by himself, or his metal brokers, Davidson and Gordon, immediately into the market; and whether prices were rising or falling, they were sold for what they would fetch, despatch in this part of the scheme being indispensable. This was done without any communication being had with the importers, contrary to the usages of trade. Some days after, when the only warrants entitled to be considered valid had been disposed of, he carried those signed "Maltby and Co., wharfingers," to the importers of the goods they represented, to be endorsed, to be applied in the only way in which such warrants could be of any service.

Cole's further proceedings were taken with a precision and effect indicating how well matured were his plans. This scheme, capable of such mischievous power, admitted of the most exact control, and Cole kept a strong force of clerks, whose business it was to check the double lists of warrants, so that no duplicates of similar goods should fall into the same hands, to intermix the warrants, genuine and fictitious, and to advise him of loans falling due. Aided by the memorandas which were thus made—for few regular books were kept—and assisted by the experience and ability of Messrs. Davidson and

Gordon, his brokers, as well as his own acuteness and sagacity, he was enabled to maintain his position, though meeting at every turn with peculiar emergencies.

To afford a yet wider basis of operations, it was determined to fabricate a large number of accommodation bills; and, for the purpose of acceptance, the firm of Paris and Co. was created, and an account opened for it at Messrs. Masterman and Co.'s. This was in the year 1851. The firm consisted of Cole, Davidson, Gordon, and afterwards of George Harris De Russett. Richard Paris, a mechanical engineer, was given two guineas a-week by De Russett for the use of his name, and Maltby was the person who accepted most of the bills in the name of Maltby and Co., making them payable at Masterman and Co.'s. De Russett also kept an account with Messrs. Prescott and Co. The bills, which were of service in accompanying and passing the Hagen Wharf warrants, represented no real transactions.* In one and the same day, a given sum of money, received by Cole from Davidson and Gordon in the morning, would pass through the hands of the above bankers, then to the account of Cole Brothers, at Glyn's, and finally pass again to the account of Davidson and Gordon kept with Barnett, Hoare, and Co., the amount being slightly altered at each transition.

* A specimen of the peculiar nature of the transactions between the several parties connected appears in the annexed item of one day's proceedings, in relation to the alternate transfer of the same sum of money four times over, to the separate accounts of each. "On the 28th of January, 1854, Cole received from Davidson and Gordon the sum of £1200, which he paid into the account with 'De Russett,' at Prescott's. *On the same day* he drew the like amount from that account, and paid it into the account with 'Paris and Co.,' at Masterman's, *also on the same day*. Again, *on the same day*, a cheque for £1216 5*s*. 6*d*. was drawn from the account of Paris and Co., and that amount paid into the account of 'Cole Brothers,' at Glyn's. Again, *still on the same day*, the sum of £1200 was drawn out of the account of 'Cole Brothers,' and repaid to Davidson and Gordon, at Barnett, Hoare, and Co.'s."—*Mr. Seton Laing's Pamphlet.*

It is to be regretted that precise facts are not forthcoming which would serve to show more of the nature of the transactions entered into between Davidson and Gordon and other parties in connection with the fraudulent warrants they so successfully managed to transfer. Their transactions with Messrs. Overend, Gurney, and Co., the discount bankers, extended back several years prior to the appearance of these fraudulent warrants. No sooner, however, had these warrants come into their possession, than they applied them to obtain advances on their own account, in which they were so far successful as to palm off on Messrs. Overend, Gurney, and Co. simulated issues of the nominal value of £80,000.

The wharf had not long been taken when suspicion arose in one quarter as to the invalidity of the warrants on which Cole, Davidson, and Gordon so largely depended for their resources. It was a peculiarity attaching to these warrants that no individual noticing any irregularity, or suffering by that irregularity, could infer the wide extent of the scheme, and still less discover the *modus operandi*, or that anything had gone wrong except in that particular instance. In the course of 1851, Edwards and Mathey, colonial brokers, who had advanced to Cole £2500 on the security of various warrants, had their attention drawn to the name of Hagen's Wharf impressed on one of these warrants, which together represented 350 tons of spelter. The wharf had never been heard of before, and they sent a clerk down to inquire after it, and to inspect the goods. Maltby, who was at hand, pointed out the spelter to the clerk; but the clerk, considering his errand but half done, appears to have gone to the books of the dock company, and to have discovered that there was a "stop" on this spelter in favour of another party. Mr. Edwards, of the firm, was taken by Gordon to Cole, who confessed he knew of the "stop," intimating, probably, at the same time, that Gordon was to blame, and that he should have known the metal answering to the

warrant had been withdrawn, for it was on Gordon's head that the wrath of Mr. Edwards fell. Gordon could afford to bear this blame; but not so Cole, to whom the disclosure of the facts of the case would have been ruin. Edwards even threatened Gordon to have him up at the Mansion House that afternoon, but it was finally arranged that the "stop" should be removed the next day. This was done; the spelter was not demanded to be delivered up; the loan was continued, and paid, as agreed to, by instalments, the last instalment consisting of a cheque drawn by a firm in London, which subsequently received the very cheque from Davidson and Gordon of which Mr. Edwards had complained.

In March of 1852, Laing and Campbell, colonial brokers became possessed of Hagen Wharf warrants for spelter and Swedish steel that had been in the hands of Lackerstein and Co., who had suspended payment. Cole was at once anxious to get possession of them. If thrown upon the market, he would have to meet them, and this at an enormous loss, if Lackerstein and Co. had got possession of the warrants on the same easy terms as Davidson and Gordon. The Hagen Wharf warrants would stand good for the exhibition of goods, but not their delivery. Cole sent Gordon as his broker to Messrs. Laing and Campbell to inform him that the warrants had been improperly obtained. Laing and Campbell never doubted the truth of the story, and the warrants, to the nominal value of £2000, representing 122 tons 10 cwt. of steel, and 50 tons of spelter, were accordingly taken back.

A business acquaintance with Laing and Co. having been effected, Cole concerted measures to obtain from that house a large advance on securities partly fictitious and partly genuine. They had concluded that no man who paid the large sum of money expended by Cole to redeem the warrants that had come into their possession could have paid it out for worthless paper, and, not dreaming that he was implicated in the issue, they did

not hesitate to advance the required amount. In July and August of 1854, they advanced Cole £30,000 on warrants for spelter and tin. This was but the first of a series of transactions to the amount of £100,000, the loans being either renewed, or the amount paid up when falling due.

Proceeding on an ever-expanding scale in his operations, and accounted generally honourable in his dealings, and successful in his enterprises, Cole began to be looked on as a first-class man of business. The year 1853 opened up propitiously for all concerned. The difficulties that had occurred in passing the Hagen Wharf warrant had been arranged. The transactions of Cole the preceding year had reached very nearly £2,000,000, and there was the certainty of his business continuing to enlarge. He had already nearly obtained a monopoly in one class of metals. His agents Davidson and Gordon, with other subordinates in his scheme, remained faithful, and nothing indicated any floating suspicion in the public mind of its existence. These calculations were vain. Messrs. Overend, Gurney, and Co., in the spring of the year, sent down a broker to Hagen's Wharf to examine into the copper and spelter represented by warrants in their possession, furnished them by Davidson and Gordon, whose report was unsatisfactory, but, strange to say, they never disclosed the fact to the public.

Maltby's hands at this time are full of business, and, in the few brief moments of respite, he begins to think the remuneration for his services (£130 per annum) quite disproportioned to the labour exacted, as well as unequal to the support of his family. Quarter-day comes, but again and again he has to apply to Cole Brothers before receiving the amount due. What with his daily toil, and increasing necessities, and hope deferred, his mind is pre-occupied, and his spirit depressed. This is just what Cole designs, that Maltby, whose disposition he has studied, may be little inclined to reflect on the possible appreciation which the great house of Cole Bro-

thers attaches to his services. By aid of these services, Cole was building up a credit and reputation which was enabling him to extend his operations on an enormous scale, whilst Maltby felt doomed, by some inscrutable decree of fate, for ever "to tread the same dull level." Maltby makes an application for an increase of his salary, and the sum of £200 per annum is agreed upon as the future price of his services.

But new difficulties arising out of this artificial means of obtaining money have to be met, and difficulties involving great delay, expense, labour, and risk. On the 5th and 11th of October, 1853, Messrs. Overend, Gurney, and Co. commenced realizing the securities lodged in their hands by Davidson and Gordon, scarcely compatible with the length of time during which they had entertained misgivings as to the Hagen Wharf warrants. Whether Messrs. Overend and Gurney suffered, as is alleged, the whole of the Hagen Wharf warrants held by them from Davidson and Gordon to pass out of their hands at this time, and afterwards recalled the larger portion, is not quite clear; but it is certain, however, that on the 5th of October they secured, as the proceeds of spelter warrants representing 200 tons of that metal, £4233, and on the 11th of the same month, by two sales of similar character and amount, £4097, making a total of £8332, and that these warrants having passed beyond recovery, they advanced to Cole, who had taken upon himself the obligations of Davidson and Gordon, 318 tons of spelter of the value of £4630 3*s.* 5*d.* The procedure was summary. Even the usual course of informing depositors of warrants two weeks before their disposal of those documents, on the part of the holder, had not been taken. On the morning of the 12th of October, Gordon entered his office in a state of alarm. Davidson was there, and was already supplied with the portentous news which found vent in the expression, "Gurney's are selling us up." Gordon glanced at the letter Davidson had been perusing, and went out. Mr. Webb, an individual who was

connected with Messrs. Davidson and Gordon, through the West Ham distillery, happened to be present, and astonished at Davidson's intimation that his business career was thus suddenly to come to an end, asks what it all means. Davidson replied by handing over the letter for perusal of Webb, who found it, according to his statement, that Overend and Gurney had sold as much as £30,000 worth of copper at a high price. "Why, this is a good sale," exclaimed Webb, "if it was bought for £13 10*s.* and sold for £20." Davidson laughed at Webb's arithmetic, and, doubtless, turned away to compute the chances that still remained of being able to regain "the wonted path of honour."

The time had come for a specific understanding between Cole and Davidson and Gordon and Messrs. Overend, Gurney, and Co., and an interview, remarkable in many respects, took place on the 13th of October, between Mr. Chapman and Cole and Gordon at the establishment in Lombard Street, immediately after business hours. The subject of the warrants was first approached with an implied understanding as to their fictitious character, though for form's sake, and perhaps for the sake of the temporary indulging of a hope which Mr. Chapman was loath to destroy, Gordon was asked whether the warrants represented "goods or nothing." The historic account that has been handed down of the scene that ensued intimates that thereupon Gordon shook his head. Cole, who was next interrogated, abandoning all pantomime, gave it as his confidential opinion that the warrants were bad. The gloomy business of surveying the extent to which his firm had been involved by the fraud, of ascertaining the fictitious metal warrants on hand, as well as what had become of the money advanced, and by what means the debt incurred was proposed to be cancelled, occupied Mr. Chapman eight mortal hours. Cole and Gordon had not come there without providing themselves with expedients by which to encourage trust in the rectitude of their

intentions, and to excite a confidence in the ability of one or the other party eventually to discharge the obligation.

Suddenly, in the course of the discussion as to ways and means, there loomed up the distillery at West Ham, Essex, the money for which, as a security, the warrants had been lodged, was represented as having gone into that establishment, to the pecuniary success of which it had greatly contributed. Gordon's tongue was now loosed, and he urged, with an earnestness as fictitious as the warrants which had been handed in, the present and prospective prosperity of the distillery. This was quite a new subject with Mr. Chapman, who must have been struck with the singular freak of fortune which had made the value of metal warrants, amounting to £269,092, dependent on the distillation of spirits, for it was suggested that out of the profits abundant means would be found for reducing the balance. Here, too, was a lease of the property, which Mr. Chapman was at liberty to keep, but which Gordon, if not Cole, knew was of doubtful value, not only on account of the circumstances under which, it was alleged, the establishment had been obtained, but also from the existence of other mortgage deeds. But although this document would hardly bear the test of a legal examination, it was surrendered, and was held with a tenacity that withstood for a time the importunate application even of assignees in bankruptcy. On this occasion judgment was displaced by feeling, and all inquiries were avoided that might have led to painful results. Overend, Gurney, and Co. had to choose between their money and the sacrifice of their customer. Their interests being involved, they felt feeble in respect to acting independently, whether it concerned the distillation of spirits, or a fraud which threatened the whole community with danger. Not, perhaps, consciously to themselves, but led by the imperative facts of the case, they looked chiefly to the reduction of their balance with Cole, and exhibited an extraordinary torpor in respect to the

further doings of that individual. Under the circumstances, the exposure of the fraud was believed to be a duty which did not belong to them. They had entered into an engagement with Cole for profit, and they were merely conforming to the necessities of a course which would secure them reimbursement, and prove their discretion.

The practical skill with which Cole could direct on others imputations that might as fairly lodge against himself, was rendered evident in this interview, in which he managed to put himself in the position of a fellow-sufferer with Messrs. Overend, Gurney, and Co. He had himself, he affirmed, lent the warrants to Davidson and Gordon; that he found he could not get them back again, and that he had withdrawn the metal. This was a new variation of the system of alleging "stops" to be on the warrants, which had been so unsuccessfully attempted in the case of other parties. No wonder that Mr. Chapman should take courage in presence of Cole to turn round and say to Gordon, "I believed you to be an upright man, I now only look upon you as a thief;" * no wonder that Cole should have the courage to tell Mr. Chapman that all the warrants were invalid, except some for steel. Cole, taking the responsibility of the whole matter on himself, finally handed in to Messrs. Overend, Gurney, and Co. a promissory note for £120,000, from Davidson and Gordon, endorsed by himself, payable on demand with interest, at 5 per cent. per annum, from the 27th inst., as further collateral security for their advances. At the close of this interview, Mr. Chapman said, "Now, understand, that what has taken place here to-night must not go beyond these walls;" indeed, he might very fairly have addressed to Cole the speech of Duke Ernest to the Count of Egesheim in "Horæ Germanicæ:"—

* It should be stated that Mr. Chapman, when examined, on the trial of Gordon, on the 23rd of August, 1855, expressed a doubt whether he had used this particular expression.

"Thou feel'st compassion truly,
Nor shall I hence depart quite unconsoled.
But look not round thus anxiously;
(Bois, our confidential clerk, can be trusted) in sooth
No one is here to mark that thou hast spoken."

The aggregate sum advanced to Cole by Messrs. Overend, Gurney, and Co., from October, 1851, to September, 1852, when the balance against him reached its highest figure, was £266,030, whilst the repayments of cash made by Cole during the same period amounted to but £13,790, leaving the monthly balance against him, for the last-named date, £252,240. From the month of September, for reasons possibly to be found in the unwillingness of Messrs. Overend, Gurney, and Co. to receive such disproportionate repayments, the account current of Messrs. Overend, Gurney, and Co. shows that their balance was gradually diminished. When the realization of securities began, which was in October, 1853, the monthly balance in favour of Messrs. Overend, Gurney, and Co. stood at £195,655, repayments having been made by Cole to the amount of £71,375. However, the balance in favour of Messrs. Overend, Gurney, and Co. had stood at £195,655 from August, or during the two preceding months.

On the morning after the interview with Mr. Chapman, in Lombard Street, Gordon entered his office, exclaiming: "Well, I have told Overend and Gurney everything." To the question of Webb, who was again present as an interrogator, "What is everything?" Gordon replied, "The warrants we have deposited with Overend and Gurney; we can't deliver the spelter," and being further pressed, he added that the party to whom the spelter belonged, and of whom it was bought, was not paid, and had stopped the delivery. He had been, he said, with Mr. Chapman and Cole until twelve o'clock the night before, and had been obliged to acknowledge that he owed Cole £120,000. To the inquiry if he did, he had said, "No." At the

close of the interview, Mr. Chapman had turned round and said to him, he was a man always held up as an example in the City, as being a first-rate man of business, and a man of great perseverance; and he had looked on him as a pattern in the world of business; after which he had said, "I am sorry to find, Gordon, that you are a thief." Gordon, by Webb's account, was "very much cut up," and "sat there some time without saying a word." Whatever the character of his meditations, they do not appear to have led to the determination of abandoning a system which, even in this exceptional case, appeared to work most admirably. Discount transactions were still continued by them with Overend, Gurney, and Co., the cash received from October 13 to June 9, amounting to £21,101. Cole, at this period, could not fail to discover that he was virtually in a state of insolvency. With the lease of the distillery, from which so much was expected, in the hands of Messrs. Overend, Gurney, and Co., and that firm pressing him for more money, with Davidson and Gordon already deeply involved, and his own transactions, now carried on at every hazard, and, independently of rising and falling markets, being far from prosperous; further, with the great proportion of outstanding warrants false, and himself hourly subjected to retrieve them back at ruinous cost, where could any hope of assistance arise.

A bolder policy was now desirable; the career of Cole, and even that of Davidson, had been brightened up in an unexpected degree by what had transpired at the house of Overend, Gurney, and Co. on the 13th of October. After all his delinquency, Gordon, according to the after testimony of Bois, the confidential clerk, had been treated as a gentleman; and if Mr. Chapman had really said to him, "I believed you to be an upright man, I now only look upon you as a thief," he and Davidson and Cole were willing to take the expression as the qualified satire suggested by a somewhat severe benevolence,

pointed without venom, and keen without asperity, designed to correct and not to punish, to be remedial and not vindictive. The more serious apprehensions entertained in this quarter having been put an end to, by what was virtually a compromise, there remained, if they would fully relieve their minds of what next weighed most heavily upon them—the disposition of a debt of £18,559, due to Freeman and Co., merchants of Bristol, for copper entrusted to them for sale, but which they had misappropriated. Mr. Vaughan, one of the members of the Bristol firm, was invited to come up to London; and, on his arrival, Davidson and Gordon confessed the delinquency, and made known their inability immediately to refund, at the same time seeking to palliate the irregularity by representing that the copper had been applied to the purposes of their distillery at West Ham, and proposing repayment out of the profits of that establishment. The great money brokers in Lombard Street had not been treated to any specific estimate of these profits, which were thus engaged to do double work in the way of liquidation. It was now affirmed that the revenue of the concern reached the sum of £20,000 per annum. The copper, therefore, which had been so confidingly entrusted to them for sale, but which they had misappropriated, was to be regarded as having been safely invested, inasmuch as it had been swallowed up in the distillery, which was represented to Mr. Vaughan as having nothing speculative in its character, and to be perfectly independent of all those sudden and unforeseen casualties which will frequently overthrow the best calculations. To satisfy Mr. Vaughan beyond their mere note or word, they put into his hands a fictitious warrant for steel of the assumed value of £1700 or £1800, with some worthless Westminster bonds for £8000, and a promissory note equally valueless, accepted by Webb, who had leased to them the distillery. This was not all. Four months had scarcely elapsed, when Mr. Vaughan was applied to by Gordon for a loan of £1900 on a

promissory note for £2500, secured by a fictitious warrant, nominally of higher value, in order to enable him to meet bills of exchange attached to the bills of lading of a cargo of barley, which Davidson was alleged to have shipped from Spain for the use of the distillery. Whenever the distillery could be brought in to bear on conversation or business, Gordon was enabled to entrance the senses of his hearers, and probably effected as much service by it, through having it continually on his lips, as by the actual distillation of spirits. Twice already the distillery had proved of signal service in effecting a settlement of uncomfortable disclosures, and a third time it was put to account in the way of negotiation. Mr. Vaughan acceded to Gordon's request, and made the advance, and when on the succeeding April, the loan was found not to have been paid, though over-due, the spelter warrant continued to be looked to by the Bristol house as something more tangible than the promissory note, and Maltby as a responsible character. An action was brought against the wharfinger, for which a verdict of £2300 was obtained.

Messrs. Overend, Gurney, and Co. had transactions with Cole subsequent to the interview of October 13th. The genuine securities held by them on the 5th of that month were of the nominal value of £269,092—a sum which, when added to the nominal value of the fictitious securities, gave £323,230 an amount exceeding by £127,575 that advanced by the house.

With all his activity, Cole's operations did not from this time turn to his advantage. He distinguished himself, indeed, by eager and energetic rapidity, but disadvantages of all kinds attended his course, including the buying up of fictitious warrants to meet the emergencies his course opened up, including the losses on sales of metal, and interest on enormous loans. Yet his transactions the first six months of this year amounted to not less than £770,750 18*s.* 6*d.*

It was in the very crisis of Cole's affairs, when Hagen Wharf warrants to the value of hundreds of thousands of pounds, representing both dutiable and free goods, and when probably a still larger number, and for a still greater amount, had been issued and recalled—a date, too, at which the fraudulent character of these warrants was known to Messrs. Overend, Gurney, and Co., that Maltby took out his license, he and Harris de Russett, giving bond, with approved security to the recognized authorities. By directing Maltby to obtain a license, Cole increased the responsibility of the wharfinger for previous transactions, and coupling De Russett's name with the transaction giving additional weight, although the latter was virtually a man of straw.

Whilst Cole was reducing his balance with Messrs. Overend, Gurney, and Co., he insured possession, by the process that has been already explained, of a sufficient number of Hagen Wharf warrants to enable him to continue transactions which were assuming a formidable magnitude. His cash account for the previous year showed payments amounting to no less than £2,000,744; and had time allowed, these payments would, doubtless, in this year have extended even further. Of emergencies he had to meet was the pressure which Messrs. Overend, Gurney, and Co. were applying for the liquidation of their balance; and it so happened that in one endeavour to collect and secure further means, he unwittingly increased the balance against himself in the house in Lombard Street, and occasioned a most startling and unexpected rencontre. Cole had applied to Messrs. Short and Co. for an advance of £10,500 on the security of fictitious spelter and tile and copper warrants, representing 414 tons of metal, together with warrants perfectly genuine for 185 tons of metal. Messrs. Short and Co., never doubting the sufficient worth of the tendered batch of warrants, granted the application, and carried it to Messrs. Overend, Gurney, and Co., to obtain

from them a similar advance. To refuse the application would have been to pronounce the doom of the Hagen Wharf warrants, and to relinquish all further hopes of the reduction of their balance in the account with Cole; so the application was at once accepted, and Messrs. Short and Co., by Cole not making good the loan at the exact time it fell due, saw no occasion, on the whole, to be dissatisfied with the transaction.

In the course of the year 1854, rumours reached Laing and Campbell that "something was wrong" with the Hagen Wharf warrants. On the 18th of May, 1854, lightermen were sent down to Hagen's Wharf with two warrants for spelter, without, however, succeeding in obtaining it. The person who had lodged the warrants with Messrs. Laing and Campbell was equally unsuccessful on applying the following day, and a clerk was sent down by the firm to inquire into the reason why the goods were withheld. Maltby showed him spelter in abundance, and advised him to come down next morning, by which time he would arrange with Cole for the warehouse rent, which alone interfered with immediate delivery. The next day both parties made their appearance together, when the same pantomime was gone through. The difficulty of the rent continued, and they had to "call again." A special order was obtained from the previous holders of the goods, yet Maltby again declined to deliver, conducting his friends for the third time over the ground-floor of the warehouse of Groves and Sons, and showing them a large amount of tin and spelter, which might or might not be under the control of Cole. A notice was next served on Maltby and De Russett by Laing and Campbell, furnishing them with the list of the warrants in their possession received from Cole, and giving a warning against delivering the goods to any other party. By Cole's desire, Mr. Laing next waited on Cole, who explained that neither he nor De Russett had anything to do with the wharf, and that Maltby was the sole lessee, but refusing to

come to any definite arrangement. Nothing now remained but an application on the part of Laing and Campbell for delivery of all the goods for which they held warrants, on the ground that they had "very weighty objections" to the goods continuing to lie at Hagen's Sufferance Wharf, and an intimation to this effect was given to Cole. Maltby, on the same day, was shown all the warrants, and, on inspecting them, declared there were no duplicates, that there was metal to meet them, but added that he had received an injunction from Cole not to deliver the goods. Cole subsequently refused personally to give an order for the delivery, and, in the presence of another gentleman, was accused by Mr. Laing of having given him spurious warrants. The apparent market value of the warrants, genuine and fictitious, held by Messrs. Laing and Campbell from Cole Brothers, amounted to £18,000, a sum not to be trifled with. They accordingly consulted their solicitor as to the steps to be taken for recovery. Then followed, on the part of Cole, a series of promised explanations, attempted settlements, and skilful delays in approaching the issue between himself and Laing and Campbell. Finding himself threatened with legal proceedings, he began, in his turn, to threaten to prosecute the firm for defamation, and went so far as to authorize his solicitor to sue in the Exchequer. Cole's sagacity was at fault in this matter, and it was not considered advisable to proceed.

Had the endorsements on the Hagen Wharf warrants not been genuine, the mystery might easily have been unravelled. How was it these warrants were not effective to secure the goods they represented? No answer could be given, and no duplicates made their appearance, the fact being that this species of transferable security leaves no trace, no permanent lists of warrants being usually made, and these lists being destroyed as soon as the warrants are transferred or their contents realized. Inquiry satisfied holders that the goods repre-

sented on the face of these documents had actually been imported; there was no error either as to amount, or dates, or vessels, or as to whom the goods were made deliverable.

In the month of May, 1854, Messrs. Sill and Mugins, produce dealers, of Liverpool, who had some acquaintance with Joseph Windle Cole, and had sent him their trade circular for several years, were called on by his brother, who stated that Cole Brothers had a parcel of metals which they did not wish immediately to dispose of, and would be happy to receive an advance on this security. Regret was at the same time expressed that nothing should have occurred before this to lead to business. It was proposed that Sill and Mugins should draw on them for the amount required, discounting the bill at their own bank. The managers of the bank were to lodge the amount with Glyn's, to be handed to Cole Brothers against warrants. This arrangement was agreed to after some inquiry at the Liverpool Borough Bank, and Sill and Mugins drew upon Cole Brothers, at three months' date, for £25,000, the sum which had been advanced.

Davidson and Gordon now felt they could not long avert their impending doom. The intimate knowledge possessed by them of the branch of business with which they were connected as metal brokers, had been used to counsel and promote undertakings only remarkable for the vast and varied wickedness which marked both their conception and execution. Ever since the memorable night of October 13, 1853, the stately tree of their fictitious fortune had begun to wither, root and branch. They had fraudulent warrants out on their own account for £150,800, and yet they felt hampered at every turn. The suspicions directed against Cole reacted on themselves. There could be no further acceptance of the warrants; the distillery, so long a means in their hands of exciting confidence in fabulous resources—a property that Gordon had originally obtained from Mr. Thomas Webb and the

lease of which was in the strong grasp of the legal adviser of a firm they had defrauded, was now a dead weight upon them, and no resource was left for them but to stop payment and abscond. Proceeding to West Ham, they gave to the officer of excise a cheque they were well aware would be dishonoured, for all duties claimed, and on making large deliveries of the stock thus liberated to their usual customers, they obtained cheques, which were immediately cashed, and acceptances, which were discounted, to the amount of £2600. Of this sum, £1700 was handed over to their solicitor, who subsequently paid out of it £1200 to the assignees of the estate in bankruptcy. All these transactions took place within a few hours. The flight of Davidson and Gordon, partners in destiny as in trade, was precipitate. On the 19th of June, just as the star of their credit was about to sink, they stepped on board a steamer for Ostend, furnished with passports, which represented one as "*un rentier*," the other as "*un domestique*." The distinction of master and servant was abandoned as soon as London, the scene of their depredations, had disappeared from off the line of vision, and, coming upon the swell of the channel, Davidson and Gordon doubtless breathed more freely than they had done for years.

And now the day of retribution had arrived. The announcement that their affairs, through the ill success of their operations in metals, and the heavy expenditure on the West Ham Distillery, had become irretrievably involved, created some sensation, and this being followed by the intimation that they had suddenly decamped, created further rumours exceedingly prejudicial to themselves and the whole of their associates. Through this occurred the first break-down of the conspiracy. The suspension of Messrs. Davidson and Gordon, their connection with Messrs. Cole Brothers, or rather Joseph Windle Cole, and the disagreeable statements circulated soon were productive of an unsatisfactory influence, and Mr. Cole was at length

himself obliged to commit irregularities in meeting his payments.

Suspicion was now deeply entertained of the stories respecting the heavy complicity of J. W. Cole in fraud and the issue of large numbers of simulated warrants. Maltby was no longer to be found at the wharf. He had deserted his post, with all its emoluments and all its dangers. Messenger after messenger came down to see after the position of warrants in the hands of impatient holders. There was the manager of the Liverpool Borough Bank still wavering as to whether he should give up this security not worth a farthing for a bill of lading for two thousand boxes of sugar. Merchants and clerks, solicitors and bankers' messengers, looked in from time to time to learn the interesting news that Maltby was "in the country," and, when they became importunate, were referred to his private solicitor, who had engaged to make all necessary explanations. Thus, whilst the holders of the fictitious warrants were alternating between hope and fear, were conning, in close and heated rooms, the mystery which, for all that appeared on the face of it, Maltby alone could solve, they were left to imagine that important personage refreshing himself, after his watchful and ill-compensated labours, with a continental tour, making Belgium the great centre of his temporary wanderings.

As soon as the news reached Liverpool that the bills of Cole Brothers had been dishonoured, and that the house was involved in difficulties, Mr. Sill, and the managers of the Liverpool Borough Bank, took measures to inquire into the property represented by the warrants. The latter party received from their solicitor the sage advice to realize at once, evidently from the impression, that as there was not sufficient metal to provide for all the warrants, the recovery of goods represented by them was to be determined by priority of claim. All such calculations were vain. The clerk sent down to Hagen's Wharf,

on the part of the bank, was simply badgered. Sill, who went up to London on this business, had to content himself with attending at the office of Cole several days, in the ineffectual endeavour to see that individual, meanwhile obtaining materials for a most amusing account, which he afterwards gave to the manager of the Liverpool Borough Bank, who, on the 4th of July, followed him to town. It was explained by Sill how the clerk had not cared to introduce him, how Joseph Windle Cole had not cared to see him, how the brother of Cole had informed him that Cole Brothers would "go on again," and how he (Sill) should be easy about the warrants, as there was enough metal to meet them, and his brother (J. W. Cole) was an honourable man. Previous to leaving Liverpool, the manager of the Liverpool Borough Bank had received an offer from Cole to give a cargo of sugar in exchange for the warrants, upon which he telegraphed to the solicitor not to enter into any compromise until he had arrived. Now came up the question of acceptance. It was urged that there were many unpleasant rumours in connection with Maltby's name, and that though there was no doubt the warrants were good, it was best to make the exchange. With evident reluctance—for it was surmised by the manager that the warrants might possibly prove of larger value—the whole were released for a bill of lading for 2000 boxes of sugar, of the estimated value of £8000.

With Davidson and Gordon ruined and absent, with Maltby secreted at Ostend, with no more work to be done at Hagen's Wharf, no fictitious warrants to be signed, with holders of those in existence pressing upon him, or looking for some means of compensation, the state of Cole's affairs might have been considered hopelessly irretrievable. But in this great emergency, with a firmness that approached obstinacy, he chose to depend on the precautionary measures he had taken. Self-reliant, he trusted to the effect of downright daring, and stood to face the storm that threatened completely to annihilate him.

It is to be remembered that the scheme, as a scheme, was not surmised; the stoppage of the delivery of goods lodged as security for warrants, on the presentation of these warrants, had ensued; it was not so much as suspected that the warehouses adjoining the wharf were not held by its lessee.

Even after his paper had been refused, and he had virtually suspended, Cole spoke of "going on again," and, favoured by the disappearance of Maltby, he had hopes of allaying the general mistrust excited as to his own share in the business. He could confidently rely on the silence of those who had become pecuniarily interested in the continuance of his frauds, or, at least, in the success of his undertakings. Involved as he was, he relied on their quiescence or passivity to bring himself round, on the condition of ultimately saving them from loss. He had, in some instances, dipped deeply into their resources; and whilst proceeding with no unnecessary celerity in lessening balances against himself, he sought to avert further pressure by holding out to the claimants the prospect of future relief. But the wheels of business revolved slower and slower, and on the 27th day of June, 1854, the same month which had been marked with the suspension of Davidson and Gordon, and the flight of Maltby, Joseph Windle Cole stopped payment.

The discreditable negotiations entered into by Cole with various parties for withdrawing outstanding warrants of a fictitious character, the property disposed of under arrangement, the influence exerted to prevent public knowledge of numerous transactions of a similar character, reflect little honour on the parties concerned.* The simulated warrants in circulation at the time, on the part of Cole Brothers, represented nominally a value of not less than £367,800; while

* To show the feeling at this moment, when the topic was the gossip of the City, the general remark was, that "every one was trying to do the best for himself."

like documents credited to Davidson and Gordon were estimated at not less than £150,800, making, in all, the enormous total of more than half a million of pounds. In addition to the sum of £54,138, obtained by Messrs. Overend, Gurney, and Co., on the sale of metal represented by genuine warrants lodged in their hands on October 5, 1853, they realized, on warrants in their custody as security for advances equal to £71,620, the sum of £87,001, thus further reducing the balance in their favour by £15,381. Additional securities deposited and realized increased this amount to £19,082.

The flight and subsequent history of Maltby, who incurred throughout this long series of criminal operations a far greater responsibility than he appears to have been made aware of, constitutes an interesting episode to these transactions. It was the unexpected sequel, occasioned by Maltby's death in Newgate, when awaiting trial, that prevented one of the most important portions of the drama from being played out. Cole, on various grounds, urged Maltby to leave the country; circumstances were unpleasant, and the issue of affairs was doubtful. Unquestionably, Cole foresaw that in Maltby's absence, the chances of success in diverting suspicion from himself would be increased. It was to be hoped that all personal inquiries as to the authority under which the Hagen Wharf warrants had been issued would thus be set at rest; that no charge of conspiracy would receive any countenance, and that Maltby would be alone inculpated. Cole's policy of restricting Maltby to the lowest possible amount of available funds, so as to keep him more completely under control, was continued up to the moment of departure, when he left London for Ostend, with scarcely the means to defray necessary expenses. According to a letter from Maltby to his wife, who subsequently joined him in his retreat, he left England at "Cole's advice and request," and while confessing he was deeply to blame, he adds that, "when the business had gone on

in the same way for so many years, he felt every confidence in Cole." Maltby learns from Cole that the solicitor of Davidson and Gordon "is exerting himself to mitigate the angry feeling against them;" and further, that it was his (Maltby's) "signature to an account" that was making some noise in London. In this same letter, written by Cole little more than a fortnight after his stoppage, he remarks: "It might be more comfortable to you, as you do not like where you are, to go on to the lively capital, and to live somewhere in the environs, but your address ought not to be known to more than one party here, if you wish to avoid annoyance." Maltby was then put in correspondence with a solicitor, whose business it became to impress him with the extent to which he was involved through the disclosures which had taken place, and advising him to adopt every precaution which regard for his own safety might suggest. He is further charged by the legal adviser of Cole, and Davidson and Gordon, of having been aware of his acts in connection with the warrants that had been used for fraudulent purposes; and, as respects his signature for Paris and Co., he was informed that should he return he would undoubtedly be arrested for forgery. This was on the 22nd of July; on the 28th, he is advised that a charge of conspiracy was to be attempted to be made out against him respecting business at the wharf. Although Cole had held the lease, and obtained the control of Hagen's Wharf so long as the warrants were current, there was now every respect paid by his solicitor to Maltby's authority, so far as verbal recognition went, the endeavour being made to obtain from him direct instructions as to the disposal of what remained on the wharf, involving particulars as to its sale, and the remittance of the proceeds. Though £20 was forwarded to Maltby on account of the "sales," he refused to give the full authority, which in effect would have committed him, though the solicitor was so far successful as to obtain a conditional order for the delivery

of the keys. Advised to shift his locality, he yet perseveringly remained at Ostend, defying the approaches of an officer who had been sent to arrest him by means of the friendly agency of the police. Finally, on the 8th of September, came a royal decree of expulsion. Forewarned of it, he embarked secretly for England, and went to Brentwood, whither he was traced, and arrested on the 22nd of November. Mrs. Maltby, who was walking out with her husband at the time, was the first to recognize the agent of the law, exclaiming, "Oh, dear! this is the gentleman we used to see at Ostend." On hearing the warrant read, Maltby made inquiries respecting Davidson and Gordon, observing, with great emphasis, that their arrest was worth that of a hundred Coles. After a brief examination at the Mansion House, when very little additional information was elicited, Maltby was committed for trial. From his arrest a great deal was expected. His ominous allusion to the complicity of other parties, the opinion entertained that he would eventually have made most important revelations, induced those who were interested to look forward to his appearance at the Central Criminal Court with great anxiety; but, unfortunately, they were doomed to be disappointed, for the "shades of the prison-house" speedily closed on his obscure but not uneventful life. On the 30th of November, he was found dead in his cell.

At first the surmise gained ground that he had accomplished suicide, but for this there is no good cause of belief. It is stated that he was naturally apprehensive and nervous, and the large share of responsibility thrust upon him, with the treatment he received from Cole and his advisers, no doubt prostrated his system, and led to death from disease of the heart. This was the close of the second act in this fearful drama of mercantile knavery and fraud.

The first had terminated just previously by the conviction of Cole, who, between July and the end of October, had

passed through the ordeal of successive examinations before the magistrates, and had been finally tried and sentenced. The endeavour was evidently to keep Maltby out of the way, and in this the clever professional advisers for the defence had succeeded; but the chief delinquent having now suffered, the course of proceeding as respected poor Maltby little mattered, except as far as the vindication of justice was concerned, though he eventually escaped the misery of public prosecution and the ignominy of his fate through premature dissolution. The arrest of Cole took place on the 20th of July, on the charge of having uttered false warrants for spelter and tin, and his trial in the Central Court, October 25, 1854, on the general counts of representing, with the view to obtain money, that he had disposable power over goods of which he had no control, and of having uttered and disposed of invalid dock-warrants with fraudulent intentions, as well as having been party to a conspiracy to the same end. The charge of conspiracy fell to the ground; and such had been the caution of Cole, that, but for a suggestion of Chief Baron Pollock, when the evidence was formally closed, it would not have been discovered that Cole had used the warrants issued by Messrs. Groves and Sons simultaneously with what were virtually duplicates for the same goods, namely, the warrants signed by Maltby; and the entire charge would, almost of necessity, have fallen to the ground. Cole was accordingly found guilty, and sentenced to four years' penal servitude.

But while these proceedings were occurring, Messrs. Davidson and Gordon, having reached the Continent, were pleasantly enjoying themselves, expending a large sum which they had appropriated from their assets before they left London; and although active endeavours had been used to secure them, every effort failed until Mr. Beard, a personal creditor, determined to take the matter into his own hands.

Their departure to Switzerland, their pleasant retreat with

Madame Fornachon at Neufchatel, their pursuit through several cantons, and final departure for Naples, where they were arrested, their release on the 2nd of April (1855) by the magistrate at Valetta, the police surveillance exercised over them, their subsequent embarkation for England, if narrated in detail, would constitute an interesting contribution to foreign travels; but it has already, in a great degree, been dealt with by Mr. Seton Laing, in his elaborate pamphlets.

On their compulsory return to England, after being indicted and found guilty, on the 23rd of August, 1855, of fraud and embezzlement, an indictment which was quashed on technical grounds, Davidson and Gordon made their appearance again in court on the 19th of September, to answer to the charge of having embezzled and secreted a portion of the estate in bankruptcy, and were again acquitted; a final conviction, on the 19th of December, however, on the charge of obtaining goods under false pretences, was obtained against them, and being found guilty, they were sentenced, some think inadequately, to two years' imprisonment.

Some small reparation was offered for the deep injuries which not only private individuals, but business commonly, had suffered in the refusal of the claim of Messrs. Overend, Gurney, and Co., for the balance of their account, amounting to £120,000, out of the assets of the estate of Cole; and the exposure of the conduct of the partner of Messrs. Overend, Gurney, and Co., Mr. David Barclay Chapman, who managed these transactions, in having concealed for several months the knowledge of the circulation of these fraudulent warrants, elicited the severe reprehension of nearly all classes associated with the mercantile community.*

The attention which the exposure of dock-warrant frauds has drawn to the existing means for testing the validity of

* For the detail of the various transactions *vide* the report of Messrs. Quilter, Ball, and Co.

such documents—means only available at an expenditure of time, money, and labour which no large operator would care to incur, and involving a delay in the transfer to which no merchant, broker, or banker would submit—will doubtless lead to alterations in the present mode of issue, by which safety will be more properly assured to commerce. It is quite evident that, although confidence is essential in the progress of large mercantile operations, and that the business of this or any other great metropolis could not be transacted without it, additional checks are required to prevent the recurrence of any such mischief, which has had no parallel in mercantile annals since the days of the great Exchequer Bill forgeries.

To Mr. Seton Laing, of Messrs. Laing and Campbell, of London, in the first place, and to Mr. Beard, of Messrs. Beard Brothers, of Manchester, in the second place, must be attributed the praise of having exposed and brought the whole of these delinquents to justice; and notwithstanding it may be asserted that one was actuated by the desire to trace the conspiracy, even to the inculpation of Messrs. Overend, Gurney, and Co., and the other with the object of recovering part of the proceeds which the fugitives secreted, they effected eminent services to the general community in breaking up and disbanding such a horde of dangerous criminals, and finally placing their conduct in the proper light before the public. Mr. Laing was certainly most persevering in his efforts to institute and successfully carry out proceedings against Joseph Windle Cole, and, despite the endeavours to shield the latter from the consequences of his acts, so that other and more responsible parties might escape the peril of their situation, compromised as it had been by preceding events, he not only obtained his conviction, but also brought to view those circumstances which, connected with Messrs. Overend, Gurney, and Co., created for a time a strong feeling against the firm,

but more particularly Mr. David Barclay Chapman. If the exertions of Mr. Beard were not exactly directed to the dissolution of the alleged conspiracy, he afforded essential benefit by the steps he adopted to render Davidson and Gordon's position on the Continent insecure, and thus, either compulsorily or willingly, hasten their return to England. This he effected, though not without great trouble; but the end, as has already been shown, was accomplished, and the culprits were subjected to their well-merited punishment. Whatever may have been the character or extent of the publicity which these separate cases received at the respective periods they were investigated, it was not in the least disproportioned to the principles of commercial rectitude and financial integrity which they involved. The estates, as administered in bankruptcy, have not yet been finally wound up, and many claims still remain for settlement and ultimate arrangement.

THE ESTATE OF COLE IN BANKRUPTCY.

The following is the report of the Accountants on the transactions between Messrs. Quilter and Ball, Messrs. Overend, Gurney, and Co., and the Bankrupt, dated November 21, 1855:—

Re JOSEPH WINDLE COLE, a Bankrupt.

To William Murray, Esq., Solicitor to the Assignees of J. W. Cole.

57, Coleman Street, November 21, 1855.

SIR,—In accordance with the wish of the assignees, we proceed to submit to you the result of the examination we have been making into the accounts filed by the bankrupts, so far as it has applied to the dealings and transactions between him and Messrs. Overend, Gurney, and Co., to which matter the present report is confined. We do not propose to describe in detail the process of our investigation, but simply to state the conclusions to which it has led us, accompanied by such explanations as may appear necessary, premising, however, that the period over which our examination has extended is that comprised between the 18th of October, 1851, and the termination of the account on the 31st of December, 1854, embracing transactions by way of cash advances to the bankrupt and repayments thereof, to the total amount of £680,000, or thereabouts.

It will be useful to bear in mind the following dates as representing epochs in the Bankrupt's affairs:—

13th October, 1853.—About this date the disclosure was made by the bankrupts to Messrs, Overend, Gurney, and Co., of the fictitious character of the securities held by them in the form of warrants purporting to represent Spelter, Tin, Copper, and other description of property at Hagen's wharf.

27th June, 1854.—Cole stopped payment.

19th August, 1854.—Cole became bankrupt.

There are no particular transactions requiring special remark of prior date to the 5th of October, 1853, but it will be well to indicate what was the general character and course of the account up to that date, at which point the sale of securities by Messrs. Overend, Gurney, and Co., on account of the bankrupt, appears to have commenced.

Thus, prior and up to the 5th of October, 1853, it appears that the bankrupt was in the habit of obtaining loans on the deposit of securities, occasionally redeeming portions of such securities by partial repayments of the cash advances; the transactions went on, gradually increasing the cash balance against the bankrupt up to September, 1852, when it reached the sum of £252,240, from which date it became gradually diminished until the 5th of October, 1853, when it stood at the sum of £195,655. The following list of the monthly balances in favour of Messrs. Overend and Co., up to that date, corroborates this statement.

Balance of advances in favour of Messrs. Overend, Gurney, and Co., at the close of the several months indicated, thus :—

1851.	£	1852.	£
October .	16,070	November .	246,990
November .	39,490	December .	247,000
December .	86,350	1853.	
1852.		January .	243,500
January .	106,050	February .	239,800
February .	114,790	March . .	229,580
March .	128,910	April . .	218,210
April . .	153,520	May . .	211,310
May . .	206,680	June . .	216,255
June . .	236,980	July . .	200,555
July . .	234,320	August . .	195,655
August . .	237,220	September .	195,655
September .	252,240*	October (5th)	195,655
October .	246,990		

The accounts current, rendered by Messrs. Overend, Gurney, and Co., indicate the foregoing balances, as will be seen on reference to the accompanying copy thereof, marked "*A*."

Against this balance of £195,655, the securities held by Messrs. Overend, Gurney, & Co., both genuine and fictitious, amounted to the nominal sum of £323,230, or thereabouts, according to the following statement :—

* The total advances to this date amounted to £266,030; and the repayments to £13,790; total, £252,240.

ABSTRACT of Securities in hands of Messrs. Overend, Gurney and Co., 5th October, 1853.

Description.	Genuine.				Fictitious.			
	Quantity.	Amount.			Quantity.	Nominal amount (about)		
		£	s.	d.		£	s.	d.
Copper Sheets	23 tons	4,365	8	1	581 tons sheets & tiles	79,597	0	0
Copper Tiles	20 „							
Tin	214 „	24,143	4	3	775 tons	90,675	0	0
Tin Plates	500 boxes	607	17	6				
Tin Plates	205 cases	1,125	0	0	9,200 boxes	12,420	0	0
Tin Plates on hand	50 „	250	0	0				
Spelter	185 tons	4,021	10	0	2,288 tons	48,048	0	0
Pig Lead	152 „	3,049	10	7	1,250 „	30,000	0	0
Swedish Iron and Steel	41 „	732	10	0	231 „	3,927	0	0
Cochineal	181 bags	5,198	17	10	114 bags	4,425	0	0
Iron		5,119	4	7				
Rice & Coffee	„ „	5,525	9	1				
						269,092	0	0
		£54,138	11	11		54,138	11	11
					Total	£ 323,230	11	11

The above figures are deduced from particulars furnished by Messrs. Overend, Gurney, and Co.; the amount of the Genuine securities being that realized, except in the instance of the item of Tin Plates, 50 cases of which are stated to be "on hand," estimated at £250, and the amount of the Fictitious securities being calculated upon the supposed value of the property in April, 1853, when the loans then outstanding were renewed: the statement may be subject to some immaterial modifications arising from some trifling inexactness in respect of quantities, but it may be regarded as substantially correct; so that had the whole of the securities then held by them been genuine, the balance due to Messrs. Overend, Gurney, and Co., on the 5th of October, 1853, would have been more than covered, to the extent of the difference between £195,655 and £323,230, namely, £127,575.

Such was the ostensible position of the account when Messrs. Overend, Gurney, and Co. began the realization of the securities in their hands on the 5th of October, which ultimately produced the actual sum of £54,138 11*s.* 11*d.* in reduction of the balance of £195,655, leaving them Creditors (ex Interest from the previous 30th of June), in the sum £141,516 8*s.* 1*d.*, and such would have been the final state of the account

had the transaction which occurred subsequently to the 5th of October, 1853, been confined to the sale and realization of those securities; but such was not the case, as we find, from an entry in the Bankrupt's cheque-book, that on the 18th of November, 1853, Messrs. Overend, Gurney, and Co. received from him "Davidson and Gordon's Promissory Note for £120,000, payable on demand, with interest at 5 per cent. per annum, from the 27th of October, 1853, as further collateral security for their advances." And we moreover find, that further advances of cash by Messrs. Overend, Gurney, and Co., and further deposits of securities by the Bankrupt, amounting in the whole to a very considerable sum, took place subsequently to the 5th of October, 1853, with this result:—

1stly.—As to the Promissory Note of Davidson and Gordon; the amount thereof was passed to the credit of the Bankrupt, under date 31st of December, 1853, but not being paid, such credit becomes nugatory, and the transaction therefore produces no effect on the balance of the account.

2ndly.—As to the other transactions of dates subsequent to the 5th of October, the effect of them upon the account is to reduce the balance due by the Bankrupt from the before-mentioned sum of £141,516 8*s.* 1*d.*, to £122,433 14*s.* 10*d.*, the difference between these two sums, viz. £19,082 13*s.* 3*d.*, representing the extent of the benefit accruing to Messrs. Overend, Gurney, and Co., by the continuation of their dealings with the Bankrupt subsequent to the 5th of October, 1853; subject nevertheless to the amount of interest that would be applicable to the transactions originating after that date, that is, from the respective dates of the several advances, to the time when the securities deposited against them were realized.

This statement of results will be rendered more clear on a consideration of the following figures, which are intended to represent in a summary form the facts above described. Thus:

J. W. Cole,	Dr.
To balance of final account rendered by Messrs. Overend, Gurney, and Co., after crediting him with the amount of Davidson and Gordon's Promissory Note for £120,000	£6,530 0 10
To amounts of such Note unpaid . . .	120,000 0 0
	£126,530 0 10
Subject to the value of 50 Cases of Tin plates on hand, estimated at	250 0 0
Balance provable by Messrs. Overend and Co., inclusive of the effect on the account of the transactions subsequent to the 5th of October, 1853 . .	£126,280 0 10

To Balance (ex interest from 30th June) due to Messrs. Overend, Gurney, and Co., on 5th October, 1853, after crediting the value of the genuine securities as ascertained by subsequent realization . .	£141,516	8 1
To Interest on the account from 30th June to 31st December, 1853, as charged by Messrs. Overend, Gurney, and Co.	3,816	6 0
Balance brought forward due by the Bankrupt, exclusive of the effect of transactions since 5th October, 1853, excepting only to the extent of the Interest applicable to them, comprised in the above sum of £3846 6*s*.	145,362	14 1
To Cash and Spelter provided by Messrs. Overend and Co. to assist the Bankrupt to deliver 400 tons of Spelter which had been sold by them on fictitious warrants, previously to their discovery of the spurious quality of those documents . . .	4,630	3 5
By proceeds of the above 400 tons of Spelter, passed to the credit of the Bankrupt's account by Messrs. Overend, Gurney, and Co. . . .	8,331	6 7
Difference . . .	£3,701	3 2

	Cr. £3701	3	2	Dr. £145,362	14 1
To amount of advances made subsequently to the 5th of October, 1853 . .	71,620	0	0		
By amount realized by securities lodged against the same	87,001	10	1		
Difference . .	15,381	10	1		
Total surplus in respect of securities deposited and realized since 5th of October, 1853, in diminution of the balance due by the Bankrupt to Messrs. Overend, Gurney, and Co., at that date				19,082	13 3
Balance according to the final account rendered by Messrs. Overend, Gurney, and Co., as previously stated				£126,280	0 10

We now proceed to explain more particularly the character of the transactions, occurring since the 5th October, 1853, as developed by our investigation.

It will be observed that the sum of £19,082 13*s*. 3*d*. is classed under two heads, viz.:—

Result of transactions arising out of sale of 400 tons of Spelter	3,701 3 2
Result of sundry other transactions . . .	15,381 10 1
	£19,082 13 3

As to the Sale of the 400 Tons of Spelter.

In the "Spelter account" furnished by Messrs. Overend, Gurney, and Co., which purports to set forth the receipts and deliveries of that article by them in account with the Bankrupt, the following items of sale occur to the credit of the latter; it has, however, been stated to us that the warrants purporting to represent this property were used by Messrs. Overend, Gurney, and Co., for Davidson and Gordon, on whose accounts the sales were originally effected, but were afterwards adopted by the Bankrupt.

1853.				
October 5—By proceeds	200 Tons	. . .	£4233	8 10
„ 11—By „	100 „	. . .	2052	7 3
„ „ „	100 „	. . .	2045	10 6
	400		£8331	6 7

After these sales had been effected, and the warrants purporting to represent the property at Hagen's Wharf, handed to the broker, Messrs. Overend, Gurney, and Co. discovered the fraudulent nature of those documents, and that in fact no Spelter existed to meet them. Under these circumstances, Messrs. Overend, Gurney, and Co. arranged with the Bankrupt, that they would assist in providing him with the means wherewith to procure the Spelter to answer to the warrants, and so to secure delivery being made in accordance with the sale which had been effected.

The following advances were made by Messrs. Overend, Gurney, and Co., in pursuance of this arrangement:—

1853.				
November 1.—To Cash on 68 Tons Spelter*	. .	£927	3	5
„ 4.— „ „ 50 „ „	. .	700	0	0
„ 19.— „ „ 20 „ „	. .	300	0	0
December 5.— „ „ 80 „ „	. .	1200	0	0
1854.				
February 4.— „ „ 50 „ „ cost	. £1225			
Less.				
Cash paid to Overend, Gurney, and Co., same day by the Bankrupt	475			
		750	0	0
February 10.—To Cash 50 Tons Spelter, cost	. £1228			
Less.				
Cash paid to Overend, Gurney, and Co., same day by the Bankrupt	475			
		753	0	0
318 Tons		£4630	3	5

* In reference to this item we find, from the "discount account" between Overend, Gurney, and Co. and the bankrupt, that it was not an actual advance of cash, but the balance of an over-due bill in their hands for £2500 on Hudson, which balance is stated in the discount account to be "against 68 tons of Spelter given up."

It would appear, therefore, from the above data, that the 318 Tons of Spelter were provided towards effecting the delivery of the 400 Tons sold on false warrants, by which delivery the credit to the Bankrupt's account of the amount of such sale, namely, £8331 6*s.* 7*d.*, was established at the expense of an outlay on the part of Messrs. Overend, Gurney, and Co. of £4630 3*s.* 5*d.* From what source the remaining 82 Tons of Spelter were procured, in order to make up the full quantity of 400 Tons, we have not ascertained.

As to transactions since 5th October, 1853, other than those relating to the 400 Tons of Spelter.

These may be classed under the heads of Copper, Tin, Spelter, Coffee, and Cochineal.

Firstly.—Copper Warrants.

Securities of this character were deposited between 25th May, and 3rd June, 1854, which realized at various subsequent dates the sum of . . .			£16,085 12 1
The advances made in respect to these securities amounted to			12,850 0 0
Surplus			3,235 12 1

Secondly.—Tin Warrants.

Amount realized from warrants deposited on the 14th and 27th May, 1854	£7,418 4 7		
Amount of advances made in respect of such warrants . . .	6,040 0 0		
Surplus			1,378 4 7

Thirdly.—Spelter Warrants.

Amount realized from warrants deposited between October 19th, 1853, and June 6th, 1854. .	£42,539 16 4		
Amount of advances made in respect of such warrants . . .	35,730 0 0		
Surplus			6,809 16 4

Fourthly.—Cochineal and Coffee.

Amount realized from warrants transferred to Messrs. Overend and Co. by Sargant and Co., 28th Feb. 1854	£20,957 17 1		
Amount of advance in respect of such warrants	17,000 0 0		
Surplus.			3,957 17 1
Total Surplus under the above heads . . .			£15,381 10 1

The accompanying Statement, marked "*B*," sets forth, in detail, the

particulars of the foregoing transactions as classed under the respective heads of Copper, Tin, Spelter, Cochineal, and Coffee.

The following is a summary, in a tabular form, of the entire transactions originating since 5th October, 1853: —

Description of Goods.	Amount of Advances.	Amount realized.	Surplus operating in reduction of Balance due by the Bankrupt to Overend and Co.
	£ s. d.	£ s. d.	£ s. d.
Spelter (400 tons) -	4,630 3 5	8,331 6 7	3,701 3 2
Copper - - -	12,850 0 0	16,085 12 1	3,235 12 1
Tin - - - -	6,040 0 0	7,418 4 7	1,378 4 7
Spelter - - -	35,730 0 0	42,539 16 4	6,809 16 4
Cochineal and Coffee	17,000 0 0	20,957 17 1	3,957 17 1
Total - - -	£76,250 3 5	£95,332 16 8	£19,082 13 3

Included under the head of Spelter, the following item of advance occurs to the debit of the Bankrupt: —

Feb. 4, 1854. To Cash 185 tons Spelter . . . £3,960

The warrants for this Spelter formed part of a batch purporting to represent, in the whole, 567 tons of that metal, and some 32 tons of Copper, deposited by the Bankrupt with Messrs. W. Short and Co. as security for a loan of £10,500, granted to him by that firm, who, however, appear to have obtained the money for that purpose from Messrs. Overend, Gurney, and Co., on deposit with them of the same securities, the whole of which, with the exception of those representing the 185 tons Spelter, were known to be fictitious. The loan, as between Messrs. Short and Co., and Overend, Gurney, and Co., was settled in terms of some order given on the latter by the former, dated 28th January, 1854, the effect of the arrangement between those parties being that the amount of the loan and interest, £10,803 9*s.* 10*d.*, was transferred on the 3rd of February, 1854, by Messrs. Overend, Gurney, and Co. to the debit of the Bankrupt, who appears to have satisfied it in the manner indicated in the following account furnished us by Messrs. Overend, Gurney, and Co. in reply to our inquiries about the matter: —

(Copy) COLE BROTHERS. 2nd Month, 3rd, 1854.

1853	£	s.	d.	1854	£	s.	d.
12 30 Cash - -	4,000	0	0	1 11 Bill on Hudson, due 27th April -	9,950	0	0
1854							
2 3 Interest on ditto at 5 per cent.	19	3	7	2 3 Advance on 185 tons of Spelter -	3,960	0	0
Discount on ditto at 5 per cent.	113	1	7				
W. Short and Co.	10,803	9	10	Bank and Money -	1,025	15	0
	£14,935	15	0		£14,935	15	0

By this arrangement, Messrs. Overend and Co., assuming the bill on Hudson to be paid, appear to have secured to themselves the difference between the value of the good securities taken over by them from Short and Co., and their advance of £3,960, and the debts which they transferred from Short and Co. to the debit of Cole, £10,803 9*s.* 10*d.*; and by the same operation to have avoided the necessity of an exposure by Cole to W. Short and Co. of the real quality of the securities on which they had granted him the loan of £10,500.

The question inevitably suggested by a consideration of the facts developed by this investigation is—whether the benefits obtained by Messrs. Overend, Gurney, and Co. in the way of a reduction of the debt due to them by the bankrupt, after he had disclosed the frauds he had practised upon them, are to be regarded in the light of undue preference, which might be recovered by the assignees of the bankrupt? But upon this, as upon any other legal aspect which the case may present, we offer no opinion.

Messrs. Overend, Gurney, and Co. have facilitated the inquiry by promptly rendering explanations upon all the points arising during the progress of the investigation, on which it has been necessary to apply to them for information.

We remain, Sir, yours faithfully, QUILTER, BALL, and Co.

TRIAL OF JOSEPH WINDLE COLE.

CENTRAL CRIMINAL COURT, *Oct.* 25, 1854.

(*Before* LORD CHIEF BARON POLLOCK *and* MR. JUSTICE MAULE).

Joseph Windle Cole, whose case was adjourned from last session on the ground of the absence of several important witnesses, was placed at the bar for trial upon serious charges of fraud. Mr. Bodkin and Mr. Giffard appeared for the prosecution. The defence was conducted by Mr. Edwin James, Mr. Clarkson, and Mr. Ballantine.

Mr. BODKIN, for the prosecution, opened the proceedings by observing that the prisoner was charged with fraud, under circumstances which imparted to the case an universal degree of interest in a commercial community, where so much depended on the faith and probity of those who had dealings with each other. It was the custom of foreign merchants who imported goods into this country to place them at a wharf, where they remained until it was convenient to the importers to take them out. For each parcel of goods so placed in a wharf a warrant was given, which certified that the wharfinger was the holder. These warrants resembled bills of exchange, and entitled any person to whom they were endorsed to claim

the goods of which they were the representatives. It was, however, from the abuse of that system that the present charge arose, and the gentlemen who prosecuted in the case had been victimized by the prisoner, in conjunction with a person named Maltby, who was indicted with him, but who had absconded, and could not now be found. The system carried on was that of signing and circulating warrants for goods which were purely imaginary; but to accomplish this, it would of course be necessary for the person perpetrating the fraud to have an accomplice representing the wharfinger. Maltby had taken a wharf on the banks of the Thames called Hagen's Wharf, and this was joined by a warehouse held by Mr. Groves, well filled with goods such as those in which the prisoner professed to have in store upon the wharf. The wharf was so constructed that any person, who, from curiosity or suspicion, desired to see the goods on which the warrants were issued, would see the property of Mr. Groves, and be deluded into the idea that it was the property of the prisoner and Maltby. The indictment charged the prisoner Maltby with falsely representing to Messrs. Laing and Campbell, the prosecutors in this case, that two warrants which they delivered in July, 1853, to those persons upon an advance of money, were warrants which duly represented that Maltby was then in possession of the goods mentioned in those warrants, and that Cole had disposable power over those goods, and, by endorsing the warrants to Laing and Campbell, was in a position to transfer those goods to them on the payment of their warehouse charges. On those warrants the prosecutors made advances. Rumours, however, subsequently reached them, which induced them to make some inquiries into the validity of the documents. In May of the present year they affected to have sold the goods, which they were entitled to do, and then it was they discovered the fraud which had been practised upon them. He should call evidence which would substantiate clearly the charge against the prisoner, and would clearly establish against him the commission of frauds, which had most serious consequences.

Mr. Seton Laing, colonial broker, carrying on business in Mincing Lane, in partnership with Mr. Campbell, was the first witness examined. He said, I knew the prisoner Cole, and about the 15th of July, 1853, had some communications with him upon the subject of the advance of money. The securities were to consist of warrants: we agreed to advance £30,000 for three months at 5 per cent. per annum, and ¾ per cent. commission. After sending a letter to that effect, I saw Cole, who told me he agreed to take the money on the terms mentioned in the letter. The securities were to consist of spelter, tin, and cochineal—bonded goods, upon which the money was to be advanced according to their value. The warrant, of which the following is a copy, was sent, together with a memorandum in the handwriting of the defendant, to Mr. Laing:

"Hagen's Sufferance Wharf, St. Saviour's Dock,
"London, Nov. 23, 1852.

"Warrant for banca tin, imported in the ship 'Diana,' from Rotterdam, entered by C. Henbrey; deliverable to Cole Brothers or their order, by endorsement hereon, on payment of all charges and rent from this date, 1052 slabs, weighing 32 tons, 9 cwt., 1 qr., and 20 lbs.—No. 378.

"MALTBY and Co., Wharfingers."

There was another warrant for banca tin, imported in the ship "Pearl," from Amsterdam, which was also produced by the witness.

A cheque, of which the following is a copy, was forthwith transmitted to the defendant:—

"No. 52—68, Lombard Street, London. July 29, 1853. Messrs. Martin and Co., pay to Messrs. Cole Brothers, or bearer, Ten Thousand Pounds.

"£10,000. "LAING and CAMPBELL."

The cheque was crossed to Glyn and Co., the bankers of the defendant, and was paid in the course of business and returned to Messrs. Laing and Campbell, and no suspicion whatever was entertained as to the correctness of the transaction. Subsequently, however, in consequence of information received by us, we applied to see the goods mentioned in the warrant, but without effect. Mr. Cole himself afterwards positively refused to show me the goods. I told Cole that Maltby, by his authority, had positively refused to show me the goods. Cole only said in reply, that one of our clerks had seen the goods already, and that he refused to show me them. I afterwards again saw Cole, when I expressed to him my opinion that the warrants were not genuine. He replied, that I need not be alarmed about it; that they were genuine, and that he knew the goods were lying at the wharf.

Cross-examined by Mr. E. JAMES, for the defence—In the course of our transactions with the prisoner, a large amount of warrants were deposited with us, and our transactions in this form amounted to £106,000.

Mr. BODKIN wished to ask the witness how many of the warrants so alluded to had been discovered to be fictitious?

Mr. Justice MAULE was of opinion that, unless the warrants themselves were produced, such a question could not be pressed.

Several warrants being produced, witness was allowed to state, with reference to them, that he had been to the wharf at which the goods were declared to be deposited, and the wharfinger had refused to allow him to see them.

Mr. Samuel Goodburn, clerk to Laing and Campbell, was then sworn,—He said, in the early part of the present year I made inquiries at Hagen's Wharf with respect to the goods mentioned in these warrants. For the

purpose of seeing whether they were really at the wharf, we affected to have sold them. Lucy and Son, lightermen, made a sale of 100 tons, and we delivered to them the warrants for spelter, etc., which were in our possession, but they did not succeed in obtaining possession of the goods. In consequence of this, I went on the 20th of May with the foreman of Lucy and Son to Maltby's Wharf, but without success. On that occasion we demanded to be shown the goods. We were shown goods in a warehouse belonging to Groves and Son, which Maltby said were parcels of tin which had arrived by the "Pearl," and by the "Diana." At that time I did not know that this warehouse was held by Groves and Son. I made repeated unsuccessful applications for the delivery of these goods.

Cross-examined by Mr. BALLANTINE.—The balance of our transactions with the prisoner Cole is about £11,000; that is what we have proved for.

Re-examined.—The total amount of the warrants which turned out to be valueless was about £18,000. Altogether our commission would be under £2000; the interest may possibly be about £3000.

Mr. Edwin Brewer, clerk to Messrs. Glyn and Co.—The defendant had an account at our banking-house in July, 1852, and the cheques produced were passed to his credit in our books, and paid in due course.

Mr. C. Henbrey, lighterman, examined.—I remember lightering about 65 tons of tin from the "Diana" to the Platform Wharf, which is about a mile from Hagen's Wharf.

Mr. T. Groves.—I am in partnership with my father and brother, as wharfingers, at Platform Wharf, and also have warehouses on each side of Hagen's Wharf. On the 19th and 22nd of November, 1852, we received at the Platform Wharf 1053 slabs of tin, ex "Diana," marked A, and 1038 slabs marked B, lightered by Henbrey. On the receipt of that tin, we issued 70 warrants for it, and took them to Cole Brothers' counting-house, one of the clerks there giving me a receipt. 1053 slabs marked A, and 75 of those marked B, were delivered on the 13th of December, 1853, to one Gray upon the warrants, and afterwards the delivery of the 1038 slabs marked B was exhausted. On the 23rd of July, 1852, we received from Maltby 700 slabs of bonded tin, which was deposited in our warehouse at Hagen's Wharf, and for which upon receipt we granted warrants. Those goods are still on our premises, and have been so since July, 1852, when they were deposited. Maltby had no control to interfere with the lower floor, or with any part of our warehouse.

Mr. J. C. Pickersgill, sworn, said—I am of the firm of Pickersgill and Son, merchants, in the City. We were in the habit of making advances occasionally to Cole Brothers, or rather we granted our acceptances upon the faith of warrants. On the 4th of May in the present year, I received a letter from Cole Brothers to this effect:—"Dear Sirs,—We beg to advise our draft at four months' date for £2000, and request you to deliver to

bearer warrants for 40 tons banca tin against our cheque herewith, for which we will send you our securities this afternoon." In consequence of that letter, I returned some of the warrants in my possession. I received in exchange warrants for 27 tons copper, and a quantity of tin, viz., 21 tons 15 cwts. 2 qrs. by the "Pearl," 700 slabs. (Warrant produced, signed by Groves and Son, for 700 slabs tin, bearing the endorsement of Cole Brothers, in the handwriting of the prisoner.)

Cross-examined by Mr. BALLANTINE.—We have had transactions to the extent, I should think, of half a million with the prisoner. There have been some things of which we have had to complain in the course of our transactions, but altogether we have found the conduct of the firm straightforward, and what it should be.

Mr. Henry Gray, lighterman.—On the 13th of December, 1853, I received at the Platform Wharf, 1128 slabs of tin upon warrants.

Mr. Wm. Crosfield, clerk to Messrs. Marten, Thomas, and Holland, solicitors, of Mincing Lane, said—My employers are solicitors to Mrs. Hagen, the owner of that wharf. I produce the counterpart of a lease, to which I am the attesting witness, dated August 30, 1850, between Mary Hagen, on the one part, and James Edward Cole and George Harris de Russett, of a wharf. Mrs. Hagen is the owner of some property in the occupation of Messrs. Groves.

Mr. George John Graham, the official assignee of the bankrupt Cole, produced the counterparts of cheques, showing the prisoner to have paid the expenses of the lease, and one year's rent.

Mr. John Brady examined.—I had charge of Hagen's Wharf before Maltby came there, which was in 1850. Mr. James Cole, brother of the prisoner, put me in charge of the place. I remember Maltby first coming there. Mr. James Cole came with him, but I did not see the prisoner. After Maltby had the management, James Cole went away somewhere within a week after. When I had been some time with Maltby we disagreed, and I gave Maltby notice. I used to go to Cole's to get my wages, and when I was going away I went to Messrs. Cole. The prisoner expressed his regret that I was leaving, but said that they were not the parties individually concerned in the wharf.

Charles Daniel, clerk to Messrs. Hammill, Solicitor to the Customs, produced a bond from the offices given by Mr. Maltby, dated December, 1853. Without a bond of that description, persons could not land at a wharf goods liable to duty. Up to the date I have mentioned, there was no bond in existence referring to Hagen's Sufferance Wharf.

Cross-examined by Mr. CLARKSON.—There had been a bond given by Groves, but at the time he gave the bond the premises were in his occupation.

Mr. Groves was directed to stand up, and stated that he had given a

bond; but this only applied to the warehouses on each side of the wharf, and not to the wharf itself, which was never in his possession.

This was the case for the prosecution.

The Lord Chief Baron said he hardly thought the court had been fairly dealt with by the gentlemen who instructed the learned counsel for the prosecution.

Mr. Bodkin.—In what way, my lord?

The Lord Chief Baron.—Why, in postponing the case, owing to the alleged absence of important witnesses, whereas Mr. Henbrey appears to have been the only witness not present. He seems to have been only absent in the New Court.

The court was here adjourned for a quarter of an hour. On the return of the learned judge,

Mr. James proceeded to address the jury on behalf of the prisoner. In a case of this kind, he said, arising out of transactions of very considerable magnitude, it was necessary that they should distinctly understand, in order that they might arrive at a just perception of the facts, the peculiar position in which Cole was placed in reference to the transactions in which he was engaged in 1853. They must remember that it was not for any irregularity in the conduct of his business, and it was not for anything which stopped short of a criminal character, upon which he could be convicted; but the prosecutors must show beyond all reasonable doubt that on the 29th of July, 1853—which was the important date to be kept in view in these transactions—when these two warrants were deposited with Messrs. Laing and Campbell, the prisoner at the bar had a guilty knowledge that these were fictitious warrants, and did not represent goods as they purported to do. The transactions in which the prisoner had been engaged were of very great magnitude. They had ended disastrously to him. Mr. Cole had embarked in large speculations—in transactions which with the prosecutors alone amounted to upwards of £100,000 a-year, and with another firm (Pickersgill) to half a million of money, Mr. Pickersgill stating that throughout those transactions there certainly were irregularities, of which he did not approve, but that to his knowledge there was nothing dishonest or dishonourable on the part of the prisoner at the bar. There was no doubt that in the course of the vast transactions which occurred in this line of commerce, in which enterprise and speculation were rife to an extent wholly without a parallel in any other part of the world—in a capital like this, where so many different kinds of securities existed—persons were dependent, to a great degree, upon their clerks, and to others to whom they must confide. Now he hoped to show that, upon the evidence as it stood, nothing had been brought home to the prisoner at the bar—that there was no evidence to show that the prisoner, at the time he deposited these warrants with Messrs. Laing and Campbell, upon the 29th

of July, 1853, knew that there were not at Hagen's Sufferance Wharf goods which properly represented those warrants. How did the prosecutors seek to bring home the charge of a guilty knowledge? They began by endeavouring to establish an intimate connection between Maltby and the prisoner at the bar. Maltby was a wharfinger, and the lessee of Hagen's Sufferance Wharf; and the prosecutors endeavoured to show that Cole was the real owner and lessee of that property. Yet they had upon record the fact that the prisoner, when spoken to on the subject of Brady leaving the wharf, had replied that he was not individually connected with it. The brother of the prisoner and Mr. de Russett were the lessees, while Maltby appeared the person ostensibly carrying on business there, and was treated by Mr. Groves as the real proprietor. Now the subject of the present indictment was two warrants—one dated August 30, 1852, and another dated November 23, 1852, issued by Maltby and Co.—upon goods landed from the ships "Diana" and "Pearl." These warrants were deposited with Messrs. Laing and Campbell on the 29th of July, 1853, and formed a portion of the security for their advance. Mr. Groves declared that he had these goods brought to his wharf, Maltby coming down, and apprising him that the goods would come, and would be placed upon his wharf. Now there was no evidence to show that Cole had made use of one of the seventy warrants issued by Mr. Groves, or had made use of one of them at the time he lodged Maltby's warrants in the hands of Messrs. Laing and Campbell. This statement was, subsequently, in the course of the learned Chief Baron's charge, contradicted by Mr. Pickersgill, who stated that at all events he had had a portion of the seventy warrants alluded to in his possession in the course of 1852. Mr. James continued, by observing that Maltby was not present, and if he had been, neither he nor Cole could have explained the course of business. He submitted, however, that the facts as they had been stated in the course of the evidence were susceptible of a satisfactory explanation as regarded Cole. What reason had Cole to doubt the genuineness of Maltby's warrants? Cole had bought and paid for the goods; he knew they were at some wharf or other, and that the goods represented by the warrants issued by Maltby and Company were in their possession somewhere; and where was there a tittle of evidence to prove that, in the course of such enormous transactions, he knew the particular goods represented by these warrants were not where they were declared to be, at the Sufferance Wharf, but had been taken down to the Platform Wharf? What was more natural than that the prisoner should believe Maltby had the goods in his possession at the time the warrants were issued? The evidence offered with respect to the search at the wharf in May, 1854, when Maltby had absconded, and had in all probability been dealing fraudulently with these goods, had nothing whatever to do with the charge now preferred. The prosecutors must prove

that in July, 1853, the prisoner had guiltily placed these warrants in the hands of the persons making the advances, he knowing, at the time of doing so, that the said warrants were not represented by goods. The learned counsel for the prosecution had sought to supply the defect in their chain of evidence, by an assumption of complicity between Maltby and Cole. But how was this evidence supplied? He ventured to submit that there was no evidence of the sort forthcoming. The goods alluded to in the warrants had duly arrived: they were actually in existence; and it was immaterial to Cole whether or not they were at Hagen's Sufferance Wharf, or at the Platform Wharf. Maltby represented them as being at Hagen's Wharf, and where was the proof that Cole knew the contrary to be the fact? It was perfectly true that, in commercial transactions of this kind, perfect good faith was requisite; but it was also to be remembered that, in criminal cases, there must be conclusive evidence to show that the crime alleged did not arise merely out of business irregularities, but that there was actually a criminal knowledge at the time of these transactions. Upon all these grounds he submitted that their verdict ought to be for the prisoner, and he confidently appealed to them, in the expectation that this would be the verdict at which they would arrive.

No witnesses were called upon the part of the prisoner, and the counsel for the prosecution were, therefore, not entitled to reply.

The Lord Chief Baron then proceeded to sum up the case. The prisoner at the bar, he said, had been indicted for obtaining money on false pretences, and for procuring the advance of £10,000 upon the security of goods supposed to be at a certain wharf, there being at that time no such goods at all at that wharf. That was the charge. On the part of the prosecution they had endeavoured to make out that the prisoner was connected with Maltby in some fraudulent plan of taking premises for the purpose of entering into fraudulent transactions of the nature which, it was alleged, those now in question had been. The prosecution might have failed in that part of the case, but there still would be very much which deserved the serious consideration of the jury. There was no doubt, as had been observed by the learned counsel for the prisoner, that part of the case for the prosecution was the charge of a sort of conspiracy between the prisoner and Maltby, who apparently was to have been tried with the prisoner, but who had got away, to take premises for the express purpose of committing fraud. The jury would have to consider whether this had really been established, but though they might be of opinion that this was not made out, they would still have to consider whether the prisoner at the bar had obtained money under false pretences which, if he did not absolutely know them to be false, he had no reason to believe were true. The case differed from some with which it might be compared, and certainly differed in a manner which was favourable to the prisoner. If this had

been a case of forging a bill, he knew he should have thought it of no sort of importance whether a man had been engaged in transactions to the extent of one, two, or ten thousand pounds. No amount of transactions could justify the putting the name of another person to a bill, and issuing it upon the authority of that person. But the case for the prisoner was that there might have been large transactions between him and Maltby, and Maltby might have declared to him that goods, which undoubtedly did come, were duly represented by the warrants which were delivered to Messrs. Laing and Campbell—these warrants representing them to be in one place, when in point of fact they were in another. The offence charged against the prisoner was one of a very serious description, on account of its bearing upon a branch of commerce, and a portion of commercial dealings, which undoubtedly required extreme good faith, and with regard to which one could not be at all surprised that great anxiety should exist to get at the truth. His lordship then read over the evidence which had been adduced for the prosecution, commenting upon it as he read. It might be taken for granted, in the first place, that not any goods like those named in the warrants were really at Hagen's Wharf, and that the warrants which referred to them in the possession of Laing and Campbell represented that which was not true. 700 slabs of tin were landed from the "Pearl," and 1052 from the "Diana," both on behalf of Cole. There did not, however, appear any reason to believe that any such goods were ever landed and received by Maltby on account of Cole, though it did turn out that some goods of a similar kind were received at another wharf; and that at that wharf other warrants were issued for those goods, which other warrants were used by the prisoner at the bar. In answer to this it was urged by Mr. James, on behalf of the prisoner, that Maltby might have deceived Cole in regard to these warrants, and that the prisoner might have used them in ignorance of there being really no such goods at Hagen's Wharf. It was thus sought to show that the prisoner was a person who had been imposed on, whereas it was the duty of the prosecution to prove that Cole was not the person imposed on, but that he was concurring with Maltby in imposing upon others. Now it was true enough that Maltby was not here, and could not explain how the case really stood, but, in considering if it were true that Maltby had imposed upon the prisoner in this matter, the jury ought to remember that commercial transactions of this importance did not generally take place by word of mouth. Almost every transaction of such importance as must have taken place between Maltby and the prisoner, if the view sought to be established was well founded—they would naturally expect to find every such transaction vouched for by documents. Thus, the sending of goods was generally accompanied by an invoice; the payment of money was vouched for by a receipt; and so on, you could gene-

rally, by reference to books, by reference to documents, by reference to co-temporaneous entries, get the actual history of commercial transactions; and there was certainly, therefore, a difficulty in the explanation afforded by Mr. James. That objection seemed to be this:—According to that explanation, there did not appear to be any motive to Maltby to act as he had done. Why should Maltby multiply these goods? Why should he give warrants for them as being in one place, when they were really at another? This was the difficulty in the way of accepting the explanation set up for the defence. If no goods at all existed at Hagen's Wharf, what motive could Maltby have in saying to the prisoner, "I will issue warrants for you to go into the market with?" This was a question which the jury would have to consider. There was no doubt that £10,000 had been advanced by Messrs. Laing and Campbell upon the security of these warrants, and that the prisoner had obtained the benefit of them; and the only question therefore was, whether the money had been obtained under the circumstances of fraud mentioned in the indictment. Mr. Laing, having become uneasy with respect to the goods, states that he saw Maltby, who refused to show him any goods at all, and afterwards went to Cole, who said that one of the prosecutors' clerks had seen the goods, and who, therefore, refused to give Mr. Laing an order to see them again. Now the jury would have to consider what, as men of business, would appear natural conduct on the part of a gentleman in a large way of business, upon receiving an intimation that two warrants on which he had obtained an advance of £10,000 were suspected of being fraudulently issued. They would ask themselves whether, when the person who had made such an advance expressed a desire to see the goods, it was natural on the part of a merchant to refuse an order to see the goods on such a ground as that alleged by the prisoner. They must consider whether the conduct of an honourable man suffering under such an imputation would be of that kind, or whether he would not rather have said, "Is it possible that you doubt the existence of the goods? I will go with you myself, and see whether they are at the wharf." Would an honourable man say, "I will not give you an order to see the goods, for your clerk has seen them already?" Now, if the clerk had really not seen the goods, as it was declared he had, but had been shown other goods substituted for them, then to be sure the jury would have to consider whether the prisoner was imposed upon by Maltby, and whether he really believed them to be the goods or not. They would have to weigh the facts for themselves, and to ask whether the conduct of the prisoner had been that to be expected from a perfectly innocent man free from any suspicion or reproach, and having no part in any fraud, or whether it was not the conduct of a man who saw there was something wrong in the transaction, and was disposed to postpone the matter as long as he could. As he had before observed, the conduct of a man under such circumstances

formed a material subject for consideration. What would be the course to be expected from an eminent merchant, on being told that warrants of which he availed himself to obtain advances were not genuine? Would he not have replied, "Don't let us sleep; don't let us rest; don't let us eat or drink before we go to the wharf and see whether the charge is true or not?" Again, he repeated that he did not see what object Maltby could have in doubling the goods merely for the benefit of the prisoner. Maltby himself might indeed well be out of the way, because there could be no doubt as to his conduct, in the issue of the fraudulent warrants; but what motive could he possibly have when the prisoner at the bar appeared clearly enough to have had the benefit of the true and of the false warrants? The jury, however, would have to judge for themselves, as men of business, as well as men of fairness and candour, and see whether there was any foundation for the statement that the prisoner got the benefit of the transaction, pocketing the produce both of the true and the false warrants, but yet knew nothing whatever of the criminal transaction. If the charge of conspiracy were all that had to be considered, he did not think the evidence was sufficient to prove this; but, on the other hand, the facts proved did not in the slightest degree advance the case in favour of the prisoner. It might be that the prosecutors had failed to sustain the charge of conspiracy, but still there was left behind the inquiry how it was that Maltby, though not receiving the goods, could yet give warrants for them. It was a serious question for the jury to consider what object Maltby could have had in doing this, and how it was possible that the prisoner could have dealt with cargoes twice over. The question was whether they collected, from all the transactions which had been placed before them, that the prisoner at the bar had a guilty knowledge that these documents were not genuine. If they thought all this was a mere mistake, mere negligence on the part of the prisoner, and that he supposed when handing over these warrants for £10,000 that he was handing over genuine warrants, he was of course entitled to an acquittal. On the other hand, if they thought that he had the means of knowing, that in point of fact he did know, and could scarcely be ignorant that the property which he had imported in the "Diana" and "Pearl" was somehow or other doubled upon his hands,—if they believed that at the time of obtaining this sum of £10,000 he knew that the security offered did not exist, then it would be the duty of the jury to convict the prisoner. They must bear this in mind—it was sufficient to justify a conviction if they believed that the prisoner meant to raise money upon a security which had no existence, even though very likely it was his intention to redeem his position, and that he never intended to run away, and go off with the profits of his fraud. It was sufficient if, however honest his ultimate intention might be, the jury believed that the prisoner knew, at the time of obtaining this advance, that these warrants did not represent

real goods in the possession of Maltby, and that he intended to establish a sort of fictitious credit for the occasion which, when it answered his purpose to do so, and supposing his speculations were successful, he intended to replace and repay. This was no answer to the present charge. If a man charged with forgery said, "I did not mean to defraud, and meant to take up the bill, or to replace the money fraudulently received," this was no defence; in the eye of the law, such person was as guilty as the man who raised money by a forgery, and then ran away. There might, to a moralist, be a difference between the two cases; but, as he had said, in the eye of the law they were the same. It might be urged, that, even supposing the prisoner to have had a guilty knowledge, in all probability it was his intention, if his concerns had gone on prosperously, to substitute other securities for these now in question. His circumstances, however, had become reduced, and now the question was, not whether the prisoner intended ultimately to cheat, but whether he intended to give a security which, at the time of his giving it, he knew was not represented by goods. If that were the opinion of the jury, it would be their duty to return a verdict of Guilty; if they were actuated by a contrary impression, of course the prisoner would have the benefit of it.

The jury, without retiring, deliberated in their box for a few moments only, and then returned a verdict of GUILTY.

Mr. BODKIN said there were several other indictments against the prisoner for similar transactions, but it was considered that the purposes of justice would be sufficiently answered by the present conviction.

Sentence was deferred till the following day, when the prisoner Cole was brought up.

The CHIEF BARON, addressing him, said—Prisoner at the bar, you have been tried and convicted for misdemeanour for obtaining money under false pretences. The false pretence consisted in presenting, as a valid security for goods, warrants signed by a person named Maltby, purporting that goods were in his warehouse, when it turned out that no such goods at any time were there, but goods of that description were in a neighbouring warehouse, which it seems very clearly were pointed out to the clerk of the person who advanced the money. Upon the faith of those securities you obtained the sum of £10,000, and from the result it appears that by this false pretence you obtained that money, and the jury have found you guilty of using that security with a perfect knowledge that it was altogether worthless. I entirely agree with the verdict of the jury. I think from the facts which came out in evidence, it is quite clear that you had a guilty knowledge of the security not being worth anything. I do not think it material to inquire whether this is one of many other instances in which the same sort of conduct may have been adopted, and the same crime committed. There may be some reason for believing that this is not a solitary instance

from part of the evidence adduced. This, however, I do not deem it necessary to inquire into, nor do I think it material to inquire whether you intended ultimately to repay the money, and adopted this fraud merely to get over a present difficulty. The offence is that of obtaining a very large sum of money upon the faith of a security which was substantially a forgery, professing to represent goods which did not exist on the spot, and under the circumstances which the document represented they did exist. I can conceive few offences of a dishonest character more dangerous to the community in which we live than that of which you have been found guilty. Comparing your offence with the dishonest acts of many thousands who have poverty and want, bad education, and worse example, as possibly some extenuation for their offences, it appears to me that the offence of which you have been found guilty is among the worst that can be brought under the notice of a Court, the character of which offence is dishonest as between man and man. You have apparently been involved in transactions to a very large amount; but I can receive that as furnishing no pretence for saying that this by any possibility could have occurred through neglect and carelessness. It may have been either from a love of wealth, or a desire to become rich. You may have adopted this method of raising money when you had no legitimate means upon which to ask for credit, in order to get over a present difficulty; but in whatever way the transaction began, it appears to me that your offence against society is one of the most dangerous, and one of the most criminal, that can be committed under circumstances of this sort. Upon these considerations, passing sentences of severity upon persons who commit crimes, in my opinion, far less dangerous, and far less criminal, it is impossible for me not to proceed to the utmost limit of punishment which I have by the power of the law the means of inflicting upon your offence, so that your example may deter others from committing similar offences, and that it may not be supposed that the magnitude of a man's transactions is to exempt him from a severe punishment, if he is guilty of that sort of disregard of the property of others which would bring persons in different circumstances to condign punishment. The sentence of the Court is that you be detained in penal servitude for the space of four years.

The prisoner attempted no remarks to the Court, and was then removed from the dock.

TRIAL OF DAVIDSON, GORDON, AND COLE.

CENTRAL CRIMINAL COURT, *August* 23, 1855.

(*Before* Mr. JUSTICE ERLE.)

Daniel Mitchell Davidson, aged 41, and Cosmo William Gordon, 34, both described as merchants, were placed at the bar of the Central Criminal Court, to plead to several indictments charging them with obtaining various large sums of money by false pretences. Another prisoner, named Joseph Windle Cole, also described as a merchant, already under a sentence of penal servitude, upon a conviction arising out of some of the transactions in which the prisoners Gordon and Davidson were involved, was also placed at the bar.

There were four or five indictments against the two last-mentioned prisoners, the amounts mentioned as having been obtained by them being stated at £4100, £2400, £4900, £7000, and £17,000.

They were also charged under the Bankruptcy Act with felony, in not having surrendered to be examined at the Bankruptcy Court on the day fixed for that purpose by the Commissioner.

There was likewise another indictment in which the prisoners Davidson and Gordon were charged jointly with Cole with conspiracy to obtain money by false pretences.

The prisoners pleaded "Not Guilty" to the whole of the charges.

Mr. Ballantine and Mr. Poland conducted the prosecution; Mr. M. Chambers, Q. C., Mr. Clarkson, and Mr. Parry were counsel for Gordon; and Mr. Serjeant Byles and Mr. Bodkin appeared for Davidson. Mr. Edwin James, Q. C., and Mr. Vallings were also present, retained to watch the case on behalf of Messrs. Overend, Gurney, and Co.

It was arranged that the case first taken should be the charge against the prisoner Gordon for not having, after he was adjudged a bankrupt, surrendered to be examined on the day fixed by the Commissioner of Bankruptcy for his doing so, which by the Bankruptcy Act is made a felony, and renders the person convicted of the offence liable to be transported for life.

Mr. BALLANTINE, in opening the case for the prosecution, observed that it was one which must be regarded as of the utmost importance in a commercial community; and there could be no doubt, from the position of the prisoner, the amount of his dealings, and his connection with houses of considerable reputation in the City of London, that the case had attracted a very large amount of public attention. The charge against the prisoner was framed under the 12th and 13th of Victoria, cap. 106, by the 251st section of which various matters were declared to be offences when com-

mitted by persons in the position of a bankrupt. The Act provided that those offences must be committed with an intention to defraud, and the prisoner at the bar was arraigned for one of those offences—namely, for that, being a bankrupt, he did not surrender to the fiat of bankruptcy, as it was his duty to do under certain rules which were laid down by the Act of Parliament. In order to maintain the present charge, it was essential to show that in that non-surrender the prisoner had been governed by fraudulent intentions; because he believed that the words "with intent to defraud" applied to all the previous part of the section. It would be the duty of the prosecution, therefore, to submit, 1st, that the prisoner did not surrender to his bankruptcy; and, 2ndly, that his non-surrender was intended for purposes of fraud. The name of the prisoner was Cosmo William Gordon, and he was in partnership with one Daniel Mitchell Davidson. Somewhere about the year 1847, he believed both those persons were bankrupts. They recommenced business, however, again in 1848. With what amount of capital they did so he was unable to say; but the probability was, from the fact of their having been bankrupts so shortly before, that their capital was not very large. However, they did recommence business, and there could be no doubt but that for four years their dealings as colonial brokers and metal dealers were of a very extensive character indeed—so great, in fact, was the amount of business which they were transacting in the City of London, that it almost attracted attention from its largeness. This continued for some period; but he believed that towards the end of 1852, or the beginning of 1853, they changed altogether the character of their business, for they then became the purchasers, from a person named Webb, of a large distillery at West Ham, in Essex, and from that period they carried on that concern in addition to the business of general merchants and brokers. The jury were probably aware that in the City of London it was the habit to represent large quantities of goods which were in dock or elsewhere by warrants, in which a description of the goods was given. It appeared that the prisoner, in conjunction with his partner Davidson, and with Cole, who was intimately connected with them from 1853 down to the time of the bankruptcy, dealt very largely in such warrants, representing himself and partner to be the possessors of the property to which they referred. It happened that, in the most genuine transactions even, large advances were from time to time required before the goods came to hand or could be disposed of, and it was customary to advance sums of money upon the faith and credit of men who were possessed of these warrants; and the prisoner, enjoying at that time credit in the City of London, did, at different periods, obtain advances to a very large amount upon them. Among the establishments with which he became connected was a high mercantile house in the City, carrying on business under the name of Overend, Gurney, and Co. Mr. Gurney was, he believed, an old man, and took no active part

in the business, which was principally carried on by Mr. Chapman, a gentleman of considerable knowledge and great ability. From time to time Messrs. Overend and Gurney made very large advances, and in October, 1853, the advances which they had made to Gordon on behalf of himself and partner, amounted altogether to not much less than £200,000. In that month of October, Mr. Chapman became suspicious of the nature of his securities, and inquiries which he made upon the subject resolved his suspicions into absolute certainty. He sent for Gordon, and a conversation took place between them, which resulted in Mr. Chapman saying to Gordon that up to that period he had thought him an honest man, but that now he found him to be a rogue; and Gordon then admitted, substantially, to Mr. Chapman, that every one of those warrants on which upwards of £80,000 had been advanced was of a fictitious and fraudulent character, and that if they did not in point of law amount to forgeries, they were forgeries in point of reality and fact.

Mr. CHAMBERS here interposed, upon the ground that the question of fraudulent warrants did not bear upon the present charge, of not surrendering to the fiat of bankruptcy.

Mr. BALLANTINE thought that it was necessary to show what was in the mind of the prisoner when he absconded, and failed to surrender to his bankruptcy. He would confine himself, however, to a narrative of the case, and to observations which were strictly pertinent to the charge. Subsequently it appeared that the prisoner went to Mr. Webb, the original owner of the distillery, and informed him that Mr. Chapman had told him that he (the prisoner) was a rogue, but that he must not allow a syllable upon the subject to escape his lips, and must keep it an entire secret from the world. After this a suggestion was made, at an interview at which Cole was present, which resulted in Gordon giving a promissory note for £120,000 to Messrs. Overend and Gurney, which Mr. Chapman took, not probably imagining that it would turn to much profit. After that, however, the deeds relating to the distillery, which had been previously deposited with Mr. Nicholson, were given as an additional collateral security to Messrs. Overend and Gurney, and from that time to the time of the bankruptcy no disclosure was made of the fact of these transactions. There was no doubt whatever that, in consequence of this, Gordon, who had admitted himself to be a dealer in warrants of this description, and to be concerned in one of the greatest frauds which ever occurred in the City of London, was allowed to carry on business, and did carry it on successfully, in good reputation, and with fair credit. During that time the prisoner was in constant communication with Mr. Chapman; he was known to be connected with the large house of Overend and Gurney. The credit of himself and partner was maintained in the City of London, and they were enabled to perpetrate fresh frauds, in consequence of the credit which was assigned to them by Messrs.

Overend and Gurney, and their neglecting to make known the important matters to which he had referred. He could not but regret that this course of proceeding had been adopted, because it had enabled Gordon to carry on business for a longer time than he could otherwise have done; and it would be proved that other warrants of the same kind continued to be deposited by him, until the period arrived when he and his partner could carry on their affairs no longer. Three or four days previously to the 17th of June, 1854, the prisoner found himself in great embarrassment. A large amount of money was then due to the Excise for duty, and it was evident that at that time Gordon and Davidson undoubtedly contemplated absconding, for they had a great quantity of spirits removed from the distillery, upon which they obtained advances to the amount of £3000. The Excise officer was unwilling to allow the spirits to leave the distillery until the debt owing to the Excise was discharged; but upon a cheque for £7000 odd being given, the spirits were permitted to go. That cheque, of course, was never met. Upon the 17th of June the prisoner and Davidson went to Dover. They both were seen on board the Ostend boat, and they did not return to this country until brought here by the "Indus," when they were compelled to leave Malta. A commission in bankruptcy was sued out; inquiries were made, and all the available assets were found to be about £2000, which Gordon had handed over to Mr. Elmslie, his attorney. These were the assets; and the debts unsecured which they had incurred, including that due to Overend and Gurney, and other debts upon fictitious warrants, amounted to the enormous sum of £500,000. The prisoner and his partner, after arriving at Ostend, went to Brussels, thence to Aix-la-Chapelle, and they soon found themselves in Neufchatel. As there was no extradition-treaty in existence with Neufchatel, they would not have been delivered up in the ordinary course of things by the Government of Switzerland to the Government of this country; but as there were bills out which had been drawn by the prisoner, they were put into the hands of inhabitants of Neufchatel, who took proceedings upon them. The prisoner and his partner then went to Geneva, and ultimately to Naples. At Naples they were delivered up to the Government, and in May they were taken to Malta, where, however, owing to some technical objection to the form of the warrant, they were discharged by the magistrate. An English officer was there in attendance. The accused were obliged to leave Malta, and on their arrival at Southampton they were taken into custody. He had now, he believed, laid the principal facts before the jury. Upon the subject of the non-surrender there could, of course, be no question, and he apprehended that the circumstances connected with the fictitious warrants, and with the dealings of these persons generally, would leave no doubt upon the minds of the jury that, in endeavouring to get away from this country, the prisoner had done so with a full consciousness of the frauds of which he had been

guilty. In conclusion, he would only observe that this was a case of the very deepest importance, both from the character and magnitude of the transactions, and from the mode in which the frauds had been mixed up with other parties. In a great commercial community like this, where credit was the soul of business, that credit must be maintained at all hazards, or the high character of this country in mercantile transactions would be materially damaged, a result which would be certain to ensue if it should appear that the law was incapable of dealing with great offenders of the class now before the Court.

The following evidence was then adduced:—

Mr. Thomas Hamber, a messenger in the Court of Bankruptcy under Mr. Commissioner Goulburn, produced the bankruptcy proceedings in the case of "Davidson and Gordon." The petition was filed on the 20th of June, 1854, by John M'Millen, of the City of Glasgow, as the petitioning creditor.

Mr. CHAMBERS took an objection to the reception of these documents in evidence, on the ground that erasures appeared upon them, and the name of the county appeared to have been altered from Middlesex to Essex, and there was no evidence to show that these alterations had been made by proper authority.

Mr. Justice ERLE, after some discussion, said he should receive the evidence, as it bore the seal of the Court, but he would reserve the point for further consideration if it should become necessary.

The petition and the other documents were then put in and read. The prisoner and his partner were adjudicated bankrupts on the 21st of June, 1854.

Mr. Hamber, on further examination, said that on the 21st of June he served a duplicate notice of the adjudication of bankruptcy at the offices of the bankrupts in Mincing Lane. He saw a person there whom he supposed to be the bankrupts' clerk.

Mr. CHAMBERS said this would not do. There must be proof that this person actually was the bankrupts' clerk.

Examination continued.—Mr. George, the clerk to Mr. Linklater, the solicitor to the petition, accompanied him when he served the notice. The witness then produced a copy of the *London Gazette* of the 30th of June, 1854, in which the bankruptcy was published.

Mr. CHAMBERS objected to the reception of the *Gazette* as evidence, on the ground that it described the bankrupts as of West Ham, Middlesex, whereas in the bankruptcy proceedings they were described as of West Ham, Essex, and he contended this was a fatal variance, and that there had been no legal notice under it.

His Lordship admitted the evidence. The days appointed for the surrender of the bankrupts were the 7th of July and the 19th of August, and

it appeared upon the proceedings that neither of the defendants surrendered on either of those days.

In answer to questions put by Mr. CHAMBERS, the witness said he was not sure that the Court of Bankruptcy sat on the 7th of July, or whether Mr. Goulburn or Mr. Fonblanque sat on the 19th of August.

Cross-examined.—Witness was a messenger in Mr. Commissioner Goulburn's court. He went to Mincing Lane, accompanied by the clerk to the solicitor to the petition. He only left one document. He did not give it to any person, but left it in the counting-house in the usual way.

Mr. F. George, managing clerk to Messrs. Linklater, said, he accompanied the last witness to a place which he knew to be the counting-house of Messrs. Davidson and Gordon, in Mincing Lane, and he saw him leave the notice of the adjudication of bankruptcy there. He produced a copy of the notice he said he had served that morning upon the prisoner Gordon, calling upon him to produce the document that was left at his counting-house on the 21st of June.

By Mr. CHAMBERS—At the time he served the notice upon him, he had pleaded to the present charge. He had been in custody since April, and had been examined by the magistrate a great many times.

William Haggis deposed, that on the 25th of July he served a notice at the counting-house in Mincing Lane of the days on which the bankrupts were to surrender. He afterwards made a search among the papers of the bankrupts, but he could not find the notice he had left among these papers.

By Mr. CHAMBERS—Witness had the keys of the premises, and he unlocked the door and placed the notice on the mantel-shelf. He then locked up the place and went away. The assignees took possession of all the books and papers.

Mr. George was recalled, and was examined at considerable length by Mr. CHAMBERS, with reference to the time when the alterations were made in the bankruptcy papers, and he declared that the alterations were made upon the discovery of the mistake in the county of Middlesex for Essex, before the papers were signed by the commissioner.

Mr. BALLANTINE then proposed to put in evidence copies of the notices that were served at the counting-house of the bankrupts, upon the ground that the originals were lost, or that at least there was sufficient evidence of the fact to justify the reception of secondary evidence of their contents.

Mr. CHAMBERS objected to the reception of the evidence, and contended that the notice which had been served upon the prisoner that morning, was not given in reasonable time to enable him to produce the document, supposing even it had been proved to have been in his possession, and that the evidence that had been adduced was not sufficient to show that the documents had been lost, and that to a certain extent it

negatived the possibility of the documents having ever come into the possession of the prisoner.

The Court, without hearing Mr. Ballantine, ruled that the secondary evidence was admissible.

Mr. CHAMBERS then said, as it would now be assumed that a summons to surrender had been proved, he should submit that where there was a joint fiat, a single notice was not sufficient. It might happen, where there were several partners, that one of them might take the notice, and the others be perfectly ignorant of such a notice being in existence; and yet if one notice was held to be sufficient, they would be liable to all the highly penal consequences enacted by this statute.

Mr. Justice ERLE said he would reserve this point for further consideration, with any of the others which, upon deliberation, he should consider tenable.

Mr. Checketts, a clerk in the Bankruptcy Court, proved that neither of the defendants attended on the days appointed for their examination, and that they were proclaimed in the usual course.

The notices then were formally put in, and read; and Mr. Chambers took another objection to the notice to surrender—that it referred to a bygone day—namely, the 7th of July, it being proved to have been served on the 25th of July. He urged that it was a misleading and equivocal summons, and that the bankrupts were not bound to pay attention to it.

Mr. Justice ERLE said that this objection should also receive consideration.

Mr. Charles Walker deposed that, previously to June, 1854, he had been three years managing clerk to the prisoners' firm. They were colonial brokers and metal agents, and also carried on the business of distillers at West Ham for nine or ten months. He did not know when they left England, but he did not see them after the 17th of June, 1854. He had examined the books since the bankruptcy with an accountant, and had ascertained that there were large liabilities outstanding. He heard the prisoner say, about the month of June, that there was a large sum due to the Excise on account of the distillery. After the prisoner and his partner left, witness had no means of carrying on the business, and no money was left with him. He was aware that the bankrupts had dealings with Mr. M'Millen, of Glasgow, and that they received goods from him. Some cheques, he believed, were given in payment of the amount due to the Excise. Mr. Gordon, the prisoner, signed those cheques. The offices were opened on the 19th, and he expected to see the prisoner on that day; but he did not see him any more until he was in custody. No business of any kind was transacted after the 17th of June.

Cross-examined.—Witness had nothing to do with the distillery. He was engaged in the office in Mincing Lane. There was a balance at the

bankers' on Friday, the 16th of June. The prisoner carried on a very extensive business. The bankruptcy messenger came on the 21st of June, and, after that day, the counting-house was closed.

Mr. Samuel Davis, agent for Mr. M'Millen, of Glasgow, and other manufacturers, proved that in May the prisoner gave him three orders for goods, to the amount of £2000. A portion of these goods was to be supplied by Mr. M'Millen. The value of that portion was £426 6*s*. On Saturday, the 17th of June, witness went to the prisoner's counting-house in Mincing Lane, and saw the prisoner, but did not get any money. He went again on the Monday, and found that the prisoner and Mr. Davidson had left, and he could get no information respecting them.

Cross-examined.—The arrangement with the prisoner was, that the goods should be paid for by half cash in a month, and the balance in three months.

Mr. M'Millen deposed that he authorized the goods in question being sent to Messrs. Davidson and Gordon in May, 1854, and he had never been paid for them.

Mr. D. B. Chapman was the next witness. He said—I am one of the firm of Overend, Gurney, and Co. We are money dealers. I know the prisoner. I first knew him when he carried on another business in 1847. He made some composition with his creditors at that time. Down to 1853 our house made several advances of money to him upon warrants for metal of different descriptions. In October, 1853, in consequence of something that occurred, I sent for the prisoner, and he came, accompanied by Mr. Cole, to whom we had also advanced money. The sum we had advanced at this time upon warrants was about £80,000, and we have never received any portion of it. Cole had given me some information about the warrants, at an earlier part of the day. I had some conversation with the prisoner about the warrants, and I told him what I had heard from Cole. I cannot recollect exactly what passed, but my principal object was to know to what depth we were involved.

Mr. CHAMBERS having interposed, the witness said he did not think he would object to what he was going to say, as it was nothing against his client.

Examination continued.—I had heard that Gordon's warrants were of no more value than those I had received from Cole, which he admitted were worthless; and I have no doubt that I broached this subject to the prisoner, and asked him if it was true what I had heard. The effect of what took place, was to certify to us that we had been defrauded of a great deal of money. I do not think that I said to Gordon that he was a thief. It is not likely that I should have done so. Cole was the person whom I considered to have been the guilty party at that time. I took down from

the prisoner a full statement relating to the distillery, but I do not think I asked him for any information about the warrants.

Mr. BALLANTINE.—Why did you send for him, then?

Witness.—We wished to know his connection with the warrants, and the depth to which we were involved, and I found that out very soon. Cole told me that there was no property at the wharf, which was supposed to be represented by the warrants, and upon which we had advanced £80,000. The prisoner gave me a bill of exchange for £120,000 upon this occasion. It was made payable on demand, and was drawn by Davidson and Gordon, and endorsed by Cole. That bill, of course, has never been paid. On the following day, I received some deeds relating to the distillery from the prisoner Gordon. I swear that nothing was said about those deeds until the time when they were placed in my possession.

Mr. CHAMBERS here objected that all these matters were quite irrelevant to the issue, and were merely calculated to cast a very serious prejudice upon the witness.

Mr. Justice ERLE said he could hardly decide that the matter was not relevant, but it was certainly a long way from the question of the bankruptcy.

Examination continued.—I never received the deeds as security, and I gave them up when Cole was made bankrupt.

Cross-examined.—Mr. Gordon said he expected to be able to arrange all his difficulties. The profits of his business were represented to be between £30,000 and £40,000 a-year at this time.

Mr. Thomas Webb said—I was the owner formerly of the distillery at West Ham, and parted with my interest in it to Messrs. Davidson and Gordon. I remember seeing the prisoner in October, 1853, and he told me that he had told Mr. Chapman everything. I asked him what he meant by "everything," and he said he had had large advances of money from Overend and Gurney upon warrants, and that the goods had not been paid for, and had been taken away, and he was obliged to acknowledge that he owed Cole £120,000. I asked him if he did, and he said he did not. I asked him what Mr. Chapman said to this, and he said Mr. Chapman told him he had always looked upon him as an upright man, and was sorry to find that he was otherwise. He also said that Mr. Chapman said that what had taken place on the previous night between them was to be kept secret.

Cross-examined.—Witness was indebted to the prisoner's firm on account of the distillery to a very large amount, but not to the amount of £180,000. He could not state within £10,000 what the amount of the debt actually was. Witness was indebted to them to a very large amount, and they took to the distillery against his will.

Evidence was then adduced to show that the prisoner had obtained large sums of money by the deposit of fraudulent warrants for metals from different mercantile firms up to the month of February, 1854. It was also shown that the firm owed to one creditor a sum of £9000 for copper, and that they had deposited warrants which turned out to be perfectly worthless for the amount. It also appeared that on the day the prisoner and his partner absconded, they disposed of spirits to the amount of £2600, and obtained possession of the cash; and that they gave cheques to the supervisor of excise for £7000 odd for the duty, when it turned out that they had no cash at the banker's to meet them. Evidence was also given of their having been at Geneva and Neufchatel, and that they endeavoured to obtain a permission to reside at that place, which was refused, and that they then proceeded to Malta, from which place they returned to England, where they were taken into custody.

The case for the prosecution being brought to a close by this evidence,

Mr. CHAMBERS inquired what was the act of bankruptcy upon which they relied?

Mr. BALLANTINE refused to satisfy the learned counsel on this point.

Mr. CHAMBERS then proceeded to submit to the judge various technical objections, which he requested his lordship to reserve. In the first place, he contended that no act of bankruptcy had been clearly proved to have been committed. The adjudication took place either upon the 20th or 21st, and upon these days it seemed that the bankrupts were not at their counting-house, but their clerks were; and if the bankrupts had returned, it was clear that the mere fact of their absence upon those days would not have constituted an act of bankruptcy. With regard to their departure from the realm, the act required that that should be done with a view to defeat or delay their creditors; and he submitted there was no evidence that they had quitted the realm with that intention. Another point which he suggested was this—The prisoner being abroad, did anything which he omitted to do, which was required by the statute, constitute an offence against the English Bankruptcy Act, when, in fact, it was an offence committed beyond the realm?

Mr. BALLANTINE said that the offence was committed at the place where the prisoner did not surrender, as he was bound to do by the law.

The Court thought that the view taken by Mr. Ballantine was the correct one. He would reserve the points which the learned counsel had referred to, although he did not attach much weight to them.

Mr. CHAMBERS then proceeded to address the jury. He said that, in truth and in seriousness, this case resolved itself into various difficult and doubtful questions of law, founded upon what he might call the equity and justice of the bankruptcy laws. It would, he thought, be extremely useful if the jury would find, according to the evidence, whether it was

possible that the prisoner could have had the actual knowledge conveyed to his mind of the duplicate of adjudication, and of the summons to surrender. He solicited them to find upon that issue, because it appeared to him to be a most extraordinary proceeding that a man with the common privileges of Englishmen should be called upon to do an act by summons, and that it should be sufficient to place that summons in such a position that it would be impossible for the man to see it. In order to establish the charge laid in the indictment—that the prisoner omitted to surrender, with the intention of defrauding his creditors—it ought to be clearly shown that he had a knowledge that he had been adjudged a bankrupt, and that he had been called upon to surrender by a summons within a given time. It had been decided long ago that a bankrupt's omission to surrender was not a felony unless it were wilful. He submitted that the prisoner had no knowledge when he went abroad that bankruptcy was either inevitable or likely, and still less that a fiat in bankruptcy had been issued. It must be remembered that the distillery was an enormous concern, paying £7000 every week in Excise duty, and yielding profits to the extent of between £40,000 and £50,000 a-year. The probability was, therefore, that Mr. Gordon was abroad, expecting that each day might bring him a telegraphic message informing him that he was no bankrupt, and was not likely to become a bankrupt, for his business was of such a nature that a few successful transactions might have restored him to splendid riches. In the criminal law nothing was to be assumed, and the jury could not take it for granted that the prisoner went abroad with any intention to defraud his creditors, and with a determination not to surrender; neither could they say that the bankrupt had refused to surrender in wilful disobedience of an order of which he had never been made aware.

Mr. Justice Erle, in summing up, said that this was rather an unusual prosecution, and of some considerable importance. The offence was that of not surrendering in bankruptcy, and he should tell the jury that it was the duty of a trader becoming bankrupt to surrender; and that, if he did surrender, an advantage was conferred upon the creditors, who were then in a position to make him give a full account of his transactions and his property. He should give the jury, in three short heads, the items to be established before they could find the prisoner guilty. They were—first, that he was a bankrupt; next, that the requisite papers had been left according to the Act of Parliament; and, thirdly, that he had omitted to appear, with intent to defraud his creditors. With regard to the first item, there could be no doubt that the prisoner was a trader. Then, being a trader, many things constituted an act of bankruptcy. One was, absenting himself from his place of business; another was, absenting himself from the realm; and, if he did either of these, with intent to defeat or delay

his creditors, he committed an act of bankruptcy. The circumstances of this case were, that, being in considerable embarrassments, the prisoner, upon the 17th of June, without any notice to his clerks, or leaving any address, or affording any means of finding him, suddenly quitted the country. Persons going to the counting-house found both partners gone, and no trace of them left behind. These were, he thought, very strong evidences of an act of bankruptcy. Then came the second question. Supposing him to be a bankrupt, had all the necessary papers requiring him to attend and surrender been duly left according to Act of Parliament? The act required that the duplicate adjudication and the summonses to appear should be either served personally, or left at the last place of business. There was ample proof that both these documents had been left at the last place of business, No. 14, Mincing Lane. Notwithstanding the formal objection which had been taken, and which he should reserve, that appeared to him to be a sufficient service, according to the spirit of the Act. By the introduction of the words "last place of business," the law clearly contemplated bankrupts who were absconding from their creditors, and were not to be met with. He was, therefore, of opinion, that the law was satisfied if the notices were left at the last place of business; and that this had been done there was no doubt. Then came the third question, Did the prisoner omit to surrender on the 19th of August, with intent to defraud his creditors? He (the learned judge) was of opinion that the creditors would be defrauded, and that a person must be taken to intend to defraud his creditors, if he purposely stayed away to avoid an examination, and the responsibilities which he would incur if he surrendered. If, then, the prisoner believed that he was a bankrupt, and stayed away upon the the 19th of August, in order to deprive the creditors of their right and privilege to examine him, he (the learned judge) was of opinion that such staying away would be with intent to defraud, and would justify the jury in finding a verdict of guilty upon that head. So far as Mr. Chapman's evidence went, he thought, perhaps, that up to October, 1853, the bankrupt was more "sinned against than sinning;" because Cole appeared to have lent him certain spelter-warrants, and afterwards to have withdrawn the metal. It was in evidence, however, that so late as February, 1854, the prisoner continued to deposit these warrants, and in that month he received from one witness alone £8000, upon a security of £10,000 or £11,000 worth of spelter-warrants, which there was no metal to represent. These were matters which, no doubt, the creditors would have been extremely anxious to have inquired into if the bankrupt had surrendered, but which, owing to his non-surrender, they had not been able to investigate. After briefly alluding to the sudden departure of the prisoner from England, on the 17th of June, the rapid conversion of spirits into money, and the circumstance of quitting the realm without informing his clerk, or leaving

any address behind him, all which things were, he said, fraught with suspicion, his Lordship informed the jury that if they were of opinion that the prisoner had omitted to surrender, with intent to defraud his creditors, the whole requirements of the statute would be complied with. If they believed that the three requisites which he had mentioned were proved, they would find the prisoner guilty; but if either of them was left in reasonable doubt, they would acquit him.

The jury almost immediately returned a verdict of *Guilty*.

Mr. Ballantine then said there was a charge against the prisoner's partner Davidson, in which the evidence would be precisely the same, and the same objections would, no doubt, be taken as those that were reserved for consideration in the present case. It therefore appeared to him that it would be a useless waste of time to go into that indictment, and that it would be better that it should stand over until the legal points were decided.

Serjeant Byles said that, on the part of his client, he saw no objection to this course, and all the other charges were, consequently, postponed.

The subsequent proceedings may thus be condensed:—

On the 10th November the objections were argued before Lord Chief-Justice Jervis, Mr. Baron Parke, and Justices Erle, Crompton, and Willes. There were eight objections raised. Firstly—That all the documents in the commission had been altered. Secondly—That some of the proceedings had been signed by one commissioner, and some by another, whereas the Act directed that a petition should be allotted to a particular commissioner, and that that petition could not be changed without the sanction of the Lord Chancellor. Thirdly—That notice of the adjudication in bankruptcy had not been served upon the bankrupts—a notice having been left in the counting-house which had been the bankrupts' by the messenger of the Court of Bankruptcy, which was in charge of the messenger, and of which he kept the key; and it was not shown that the notice had been delivered to, or had ever come to the knowledge of the bankrupts. Fourthly—That there was a difference in the description of the bankrupts, as contained in the adjudication, and as given in the *Gazette*. In one, West Ham Lane was stated to be in the county of Middlesex; in the other it was described as being in the county of Essex. Fifthly—That the summons to appear had been signed by Mr. Commissioner Holroyd, calling upon them to appear before Mr. Commissioner Goulburn. It was left at the counting-house on the 26th of July, and called upon the bankrupts to appear upon the 7th of the same month and the 19th of August, it being clear that, at the time the summons had been left, the date first-named for their appearance had long since passed. Sixthly—That the bankrupts were

called upon to appear before Mr. Commissioner Goulburn on the 19th of August, whereas it turned out that that learned commissioner did not preside upon that day, and the bankrupts being summoned to appear before Mr. Commissioner Goulburn, and not before "the Court," it was impossible they could comply with the summons. Seventhly—That the fiat being a joint fiat, there ought to have been a duplicate notice issued to each partner, whereas there had only been one notice left at the counting-house. It was considered of great importance to a bankrupt to have such a document in his possession, as, on his surrender under the notice, it was endorsed by the commissioner, and he was privileged from arrest. The eighth and last objection was—That there was no such proof as that charged in the indictment, that the bankrupts were cognizant, before leaving the country, that a fiat had been issued against them in bankruptcy. After protracted arguments, which occupied the court the entire day, Chief Justice JERVIS, in delivering the judgment of the court, said, with respect to all the points raised, except the seventh, they were unanimously of opinion that they could not be maintained; but that as regarded the seventh, they were of opinion that a duplicate notice of the adjudication in bankruptcy should have been left at the bankrupts' counting-house, but that not having been done, the requirements of the Act had not been fulfilled. Under the circumstances, therefore, the objection was valid, consequently the conviction must be quashed.

On the 16th December, Davidson and Gordon were again brought up at the Central Criminal Court, before Baron ALDERSON and Justice COLERIDGE, to plead to several indictments charging them with misdemeanour and felony. The case gone into charged the prisoners with having, after they had been adjudged bankrupts, embezzled and secreted a portion of their estate over and above the value of £10—to wit, three bank-notes of the value of £500 each—with intent to defraud their creditors. In another count they were charged with embezzling money to the amount of £2600 with the like intent. It was proved that the fiat in bankruptcy was issued on the 21st June, 1854; that the prisoners immediately absconded, taking with them the notes and money in question. These notes were proved to have been dealt with abroad, and were in a few days transmitted to this country. Upon these facts Mr. Baron ALDERSON expressed an opinion that the evidence did not support the charge of embezzlement, as there was no proof that the three £500 notes had ever been in the possession of the prisoners. And Mr. Serjeant BYLES and Mr. CHAMBERS, on behalf of the prisoners, said that was the substantial point of defence. Another point relied upon was, that it was never intended by the Legislature that a charge of embezzlement should be tenable on such facts, it being quite clear that no offence could be committed of this description until after the 21st June, when the fiat of bankruptcy was issued; and after that day the pri-

soners were abroad, and whatever was done took place abroad, consequently that court had no jurisdiction in such a case. Mr. Ballantine, for the prosecution, admitted that he could not support the charge with reference to the notes, and should therefore rely upon the count for embezzling money, which, he contended, was fully made out by the expenditure of money in the different hotels in which the prisoners sojourned after the 21st June, when they were declared bankrupts. Upon which Mr. Baron Alderson said the prisoners were charged with embezzling money, which meant English money. The evidence was, that they had expended French and other foreign money, which would not do. Mr. Justice Coleridge having expressed a similar opinion, a verdict of not guilty was returned.

On the 19th of December, the prisoners Davidson and Gordon were again placed at the bar of the Central Criminal Court, charged with having, within three months of their bankruptcy, obtained from certain creditors goods by fraudulent means and pretences, with intent to defraud and not to use in the way of business. Evidence was given to the effect that they obtained goods, on the 25th of May, from a Mr. Beddoe, to the amount of £426; on the 12th of June, from Messrs. Ogilvie, Gilander, and Co., of Liverpool, to the amount of £1500; from Messrs. Pickford and Johnson, goods valued at £800; from Messrs. Alexander they obtained about £3500 worth of goods; and from Mr. Hesse, of Manchester, about £1400 worth of goods;—upon all of which it was proved the prisoners immediately raised money. The defence was, that no criminal act had been committed, and that however blameable the conduct of the prisoners might have been, the power to deal with them was vested in the Commission of Bankruptcy. Mr. Justice Coleridge, however, thought differently, and the jury found the prisoners guilty. Upon which—

Mr. Justice Coleridge, addressing them, said they had been convicted of an offence of a very serious character in a great commercial community. There could be no doubt that both of them knew very well the position of their affairs when they obtained these goods, and the mischief of such a course of proceeding was apparent, and that innocent persons must be the sufferers. It was clear that they had obtained goods to a large amount, that they had obtained advances of large sums of money upon those goods, and then shipped them abroad upon the chance of being able to pay for them. Persons had no right, when they found themselves to be insolvent, to speculate with other persons' property, upon the mere chance of recovering themselves, and still less to do so in order to make a purse for themselves. In the present case, he saw no circumstances of mitigation to call upon him not to pass the extreme sentence of the law under the Act of Parliament upon which the indictment was framed, and it was, therefore, his duty to pass upon them the full sentence of the law, which was that they be imprisoned and kept to hard labour for two years.

On the 6th of February, 1856, Davidson and Gordon and Joseph Windle Cole were placed at the bar before Mr. Justice Wightman and Mr. Justice Willes, when they pleaded not guilty to an indictment charging them with a conspiracy to obtain goods by false pretences. Mr. Wilde, Q.C., said he appeared, with his learned friend, Mr. Ballantine, to conduct this prosecution on behalf of the Corporation of the City of London; but, after an attentive consideration of all the circumstances, they were both of opinion that it would not in any way further the ends of justice to proceed with the present indictment; and, therefore, with the sanction of their lordships, he should refrain from offering any evidence. The Court was probably aware that three indictments had originally been preferred against the defendants by order of the Court of Bankruptcy, and all the defendants had been convicted, and two of them were sentenced to hard labour for two years, and the other to four years' penal servitude. The authorities of the City of London had felt it their duty in the first instance to prefer another indictment, in case there should have been a failure of justice upon the other three; but as a conviction had taken place, they felt it was now unnecessary to proceed with it.—Mr. Justice Wightman said that if the learned counsel took upon himself the responsibility of stating that the ends of justice were satisfied by what had already taken place, the Court would offer no opposition to the course that was suggested.—Mr. Ballantine observed that even in the event of a conviction, the Court could not inflict any additional punishment upon the defendants.—Mr. Justice Wightman said he was aware of that. Any fresh sentence would be concurrent with the one already pronounced.—The jury then returned a verdict of *Not guilty*, as regarded each of the defendants, and they were taken back to prison.

CHAPTER VI.

THE FRAUDS AND FORGERIES OF JOHN SADLEIR, M.P., AND LATE LORD OF THE TREASURY.

His History and Antecedents—Appearance as an Irish Member—Abandonment of Practice as an Attorney, and Entrance into the Arena of Railway Excitement—His Popularity as a Man of Business—Acceptance of Seats at the Boards of various Companies—Connection with, and ultimate Elevation to, the Chairmanship of the London and County Bank—His Political Career, and Appointment as a Junior Lord of the Treasury—Resignation of that Position, and his ultimate Decadence—His Operations in the Encumbered Estates Courts—The Difficulties of the Tipperary Bank, and the Return of its Drafts—The Discovery of his Forgeries, and the Involvement of his Friends—His Suicide, and the subsequent Revelations respecting his various Crimes.

It was after the general election of 1847 that the name of John Sadleir first came prominently before the English public. He had been known in Ireland for some years before, but it does not appear that he had attained to any distinguished position. He was believed to be a zealous Roman Catholic, and in consequence he was selected by the Irish priesthood as a member of that body who, under the name of the Irish brigade, were returned to uphold the newly constituted hierarchy with which the Pope had deigned to favour the British nation, and to counteract the effect of Lord John Russell's demonstration, as contained in his celebrated letter to the Bishop of Durham, and embodied practically in the Ecclesiastical Titles Act. But John Sadleir did not come into Parliament to serve the Pope only. Although a pious Catholic, there was another person to whom he saw that his Parliamentary influence might be useful, besides the successor to St. Peter, and that was John Sadleir himself. He was a man of

business, of ready perception, far-seeing, persevering, and methodical. He knew something of banking, for his family had been bankers for at least one generation. He was punctual and precise, and not without that outward show of liberality in his dealings with subordinates, which is sure to command good service. He had beyond all these another qualification, without which the highest talents frequently remain unproductive to their possessor, and to the world — he had the power of impressing upon others a high opinion of his own value. He was not the man to hide his talents under a bushel, but was in an eminent degree an adept in the difficult art of displaying them before the world in the most attractive guise. Of the important sway which the Press often exercises upon the fortunes of individuals, as well as upon political parties and public bodies, he was fully cognizant; nor did he disdain to pay court to those of its members whose good word spoken at the right season, and in the right quarter, he thought might tend to his benefit. In Dublin he had practised as a solicitor, having succeeded his uncle in a respectable and lucrative professional connection. In this capacity he became the agent for numerous large properties in Ireland, and when the Act for the establishment of the Encumbered Estates Commission came into operation, the knowledge he had thus acquired did him essential service, and enabled him to operate in that Court with no inconsiderable profit to himself. It is more than probable that to the purchases he made, or was supposed to have made, in this way, he first owed his reputation for wealth; because, although his professional practice was a good one, he had followed it much too short a time to have realized anything like an independence from it; and respectable as his family was for ordinary middle-class people, nobody ever suggested that they were in a position to provide more than the means by which he might, with industry and perseverance, be enabled to earn his own living, and maintain his station as a

professional man. In 1846, in the height of the railway mania, he abandoned the practice of the Four Courts, Dublin, and came over to England. Here he established himself as a Parliamentary agent; and his success in protecting, through the Houses of Commons and Lords, several important Irish railway bills, and in conducting the opposition to rival schemes, promised him a rich harvest as the reward of steady continuance in this very lucrative branch of the profession.

But John Sadleir was ambitious as well as clever, and for such a character the eventful year of 1847 was peculiarly favourable, especially when backed by the quiet unobtrusive but never-ceasing support which Roman Catholicism invariably extends to those of its *protegés* whose active exertions it requires for the enhancement and extension of its own authority. He became a member of Parliament, and, aided by the confidential statements assiduously and systematically put forward of the great financial ability, the special business aptitude, and the administrative capacity of the new member for the borough of Carlow, he obtained a high reputation in the financial and commercial world almost before he took the oaths at the table of the House of Commons. Solicitations to extend the influence of his name and patronage to railway schemes and joint stock companies of every kind, flowed in upon him. Directorships and chairmanships of boards were pressed upon him on all sides, and most gratified were those whose applications met with a favourable reception. The name of Mr. John Sadleir at the head of the board was, by many shareholders, considered to be equivalent to a rise of at least one per cent. in the market value of their shares; no wonder, then, that he speedily found himself installed as Chairman of the Royal Swedish Railway Company, Director of the East Kent, and joint manager of half a score of other enterprises. In fact, for the moment, he was a veritable little Hudson.

But perhaps the most extraordinary circumstance in his

metropolitan career was his appointment to the very responsible position of Chairman of the London and County Bank. That he had had some banking experience was true. The Tipperary Joint Stock Bank was a creature of his own. His grandfather had established a bank in Tipperary, which had carried on for many years a very limited and, as far as is known, a very safe business. When John Sadleir first put up for a financier, he changed the character of this little bank, in which he had now acquired sufficient influence for the purpose, into a joint stock company, placing his brother James at its head as manager and sole director. Still the infatuation which led the London and County board to appoint him as their chairman, when he had scarcely been known in London a year —for he took his seat as early as the year 1848—and the shareholders to acquiesce in the selection, is almost unaccountable. At the same time, it is due to this prince of swindlers to admit, that his connection with the London and County Bank was untarnished by those crimes which marked his progress in every other capacity in which his unquestionably great talents were exercised; while the great attention and active zeal he brought to bear upon the duties of the office, operated most beneficially to the institution in the extension of its business, and the establishment of its prosperity. It may be that the constant watchfulness and supervision of an active business-like board, the presence of responsible, intelligent, and qualified managers, the regular audit and examination of accounts, and the perfect system with which most of our metropolitan joint stock banks are conducted, afforded him no opportunity for making his position here subservient to his apparently natural dishonest disposition; and that that activity of mind, for which he was so remarkably distinguished, being confined within proper limits, and controlled by effective checks, was necessarily turned to the advantage of the establishment with which he was associated.

But although the chairmanship of the London and County offered no scope for the exercise of his peculiar penchant to the prejudice of the bank, it gave him *status* as a financial authority. The success of the institution under his management drew attention to him in monetary and political circles, and to a certain extent tended to confirm the reports which had been so industriously circulated in his favour. In Parliament he was looked forward to as one who might some day fill the office of Chancellor of the Exchequer, and even ministerial eyes were turned towards him. Governmental office, however, was out of the question while he continued to be the avowed tool of the ultra-montane party. But those whose duty it is to watch the pulse of such members of the House of Commons as may be useful to the ministry of the day, saw no very great difficulty in the task of winning over the ambitious member for Carlow; and when Lord Aberdeen took office in 1853, the offer of a junior Lordship of the Treasury was a temptation sufficiently powerful to dispel scruples of conscience, and to transfer his allegiance from the see of Rome and Cardinal Wiseman to the ultra-Protestant Premier. He replied to the taunts which were liberally showered upon him for deserting his old friends of the brigade, by saying that his hostility was only directed against Lord John Russell, who, by the Ecclesiastical Titles Bill, had openly declared himself the enemy of the Roman Catholic faith, in so far as it aspired to titulary recognition within these realms; but this excuse served him not with those who remembered that, although Lord John was not at the head, he was still a most important member of the new Government, and, as the leader of the House of Commons, was the chief under whom the new junior Lord must serve. Consequently, John Sadleir had to pay the penalty of his desertion from the standard of ultra-Romanism in the loss of his seat for Carlow. This, however, by no means disconcerted him, and he resolved to try his fortunes with a

constituency in which the papal elements did not so largely preponderate as amongst the electors of Carlow. About this time a vacancy occurred in the representation of the borough of Sligo—and he resolved to offer himself—and to win. With ordinary minds this would have been a task too hazardous to attempt, for he was now in the position of a politician whom no political party would trust. He had forfeited the confidence of the Romanist repealers, and was viewed with suspicion by Protestants and other classes. Besides, there was, in the person of Mr. Patrick Somers, a candidate well known to the electors of Sligo, who had often represented them, and who, unless money influence was brought to bear against him, was sure to be returned. These difficulties were but incentives to the genius of John Sadleir. Amongst the members of the press with whom he had come in contact, was a clever, but not over-scrupulous, native of the town of Sligo—a man of strong assurance, and some natural eloquence—a well-known haranguer at judge and jury societies and open debating clubs, and who at that moment happened to be disengaged, and ready for any excitement that would combine immediate pleasure with prospective business. This person, it is alleged, was selected to go to Sligo and divide the interest, so as to enable the funds of the Lord of the Treasury to be effectively employed in defeating poor Patrick Somers.

Of course the presence of this third candidate, whose position and antecedents were well known to his former fellow-townsmen, was looked upon by the electors as a farce; but it was a *ruse* which appeared to have answered the purpose—the new aspirant to Parliamentary honours polled some votes, and thus the return of his presumed opponent was secured by the narrowest of majorities, while he himself was compelled to accept the hospitalities of the turnkey of Sligo gaol, for non-compliance with the pecuniary demands of the returning-officer for his proportion of the hustings' expenses.

The game John Sadleir now played was a high one, and the stakes were heavy. The Secretaryship of the Treasury, with its patronage and emoluments, was before him, and in such hands to what account might those emoluments not be turned? And at the end of the vista, now brought, as it were, almost with the magnifying powers of a lorgnette, within his grasp, was the Chancellorship of the Exchequer itself, with its facilities of operating indirectly upon the funds, and realizing a princely fortune by the stroke of a pen, or effecting some other deep-laid plan of financial double-dealing. Unfortunately for the golden hopes which had now opened to his mental vision, he had held the flattering appointment but a very short time when certain whisperings were heard at the Treasury board of ingenious monetary arrangements in relation to certain of Mr. Sadleir's numerous mercantile enterprises—some assert in connection with the Treasury itself—which were not thought altogether consistent with the honour of a high government official, and an intimation from the right honourable gentleman who was responsible for the Treasury business, backed by the approval of the noble Earl who led the Cabinet, that her Majesty would be graciously pleased to dispense with his further services, resulted in his resignation.

This, perhaps, was the commencement of the ebb-tide in the fortunes of this extraordinary man. People in the City began to ask inconvenient questions as to the cause of his sudden retirement from an office which promised to a man of his temperament so many future advantages. The excuses of deference to the wishes of the Irish Roman Catholics, the absorbing nature of private occupations, and others, which his friends of the press were not slow in inventing for him, were received with more than doubt. Inquiries were instituted by the curious as to whether, after all, John Sadleir was the millionaire which he had hitherto been regarded, and the City houses with which the companies and the institutions he was con-

nected with did business became somewhat impertinently particular as to the securities upon which advances of cash were required, and more than ordinarily exacting in their demands of punctuality in remittances to meet drafts due. His retirement from the Government was shortly after followed by his resignation of the chairmanship of the London and County Bank, and then ensued the desperate struggle to ward off the terrible explosion which was inevitable the moment the frauds and forgeries through which he had existed during the five preceding years, were discovered.

The position in which he now found himself admitted of no half measures. From the forgery of title-deeds, the wholesale manufacture of fictitious shares, down to the circulation of worthless paper, for which he found ready facilities in the gratitude of certain of his needy countrymen, who having been assisted by him to appointments in London and elsewhere, could scarcely refuse their acceptances for thousands, while shillings would probably sum up the total of their property—to these and every kind of shift which the ingenuity of a man with the felon's gaol and the convict settlement staring him in the face could devise, he resorted to. At this time he might have been observed daily in the City, endeavouring to raise money by every or any expedient, and begging the indulgence of City Article writers to withhold or contradict damaging paragraphs which were calculated to precipitate the catastrophe which nothing could avert. During the week ending the 16th of February, 1856, the last of his existence, and just ten years after he had made his first appearance in London, his whole time was thus occupied. The drafts of the Tipperary bank had been dishonoured at Glyn's—the necessary remittances not having been paid in. Of course this fact became known, and his exertions to counteract its fatal consequences were unremitting. Instead of resigning himself to despair, as many men would have done, that marvellous energy of character which had

marked his career from the first, seemed to rise with the occasion. But the bankers refused to honour a single draft until they had the money in hand; public writers wanted something more than his mere word before they would consent to proclaim to the world the solvency of a man whom, on more than sufficient grounds, they had hinted was, if not utterly bankrupt, at least in a state of the most extreme pecuniary difficulties; and, to crown all, a proposal made to Messrs. Wilkinson, Gurney, and Stevens, who had frequently assisted him in raising money, was so unreasonable, that their suspicions were aroused as to the genuineness of certain deeds under the seal of the Irish Encumbered Estates Commission, upon the security of which they had already made considerable advances. Sadleir detected the doubt which he had unwittingly raised, and he was not mistaken in his expectations, that the firm would take instant steps to satisfy themselves. He saw at once that the game was up—for the signatures to the documents were forged, the official seal of the Court having been transferred from a genuine deed—and he at once made up his mind to anticipate the *denouement*. He went home to his house in Gloucester Square, Hyde Park, ordered tea, gave directions to his servants, wrote three letters, and having secreted a large quantity of essential oil of almonds, towards midnight went out.

On Sunday morning, the 17th of February, as a labouring man was crossing Hampstead Heath, immediately at the back of the tavern known as Jack Straw's Castle, he discovered the body of a gentleman, cold and stiff. He had evidently been dead some hours, and was lying on the rise of a small mound, in a spot which seemed to have been carefully selected. His clothes were undisturbed; by his side was lying a bottle labelled in several places "Essential Oil of Almonds," "Poison," and still containing a small portion of the fatal liquid. At a short distance from him was a silver cream ewer, empty, but

smelling strongly of the same drug. To mark his identity he had written his name and address on a piece of paper, which was found in his pocket. He was removed to Hampstead workhouse, where the inquest was held. There could be no doubt of the cause of the suicide now. The gentleman who had been despatched to Dublin, had discovered the forgery of the deeds; the Tipperary bank had suspended payment, and the enormous defalcations of the Sadleirs in reference to it were beginning to be known; the manufactured Swedish Railway shares were being detected, and irregularities in connection with title-deeds, acceptances, and securities of all kinds were crowding in on every side and from every quarter. There was no room for question in the mind of the jury as to the motive of the suicide, and they returned the only verdict which under the circumstances they could return, viz., *felo de se*.

Thus died, by his own hand, at the early age of forty-two, John Sadleir, one of the greatest, if not the greatest, and at the same time the most successful, swindler that this or any other country has produced. That he was a man of high talents, few who knew him personally can doubt; and had he been content to apply those talents to honest courses, the brilliant opportunities which opened for their exercise would have enabled him to attain the highest position in the State, But his impetuosity would not brook the labour, and the toil, and the delay of gratifying his ambition in a legitimate manner. He sought the short road to fortune, and, like all who have travelled that delusive path, miserably failed. The amount of misery which he caused is almost incalculable. In the Tipperary bank, numbers of his poorer fellow-countrymen had been induced, by specious representations of prosperity and false accounts, to embark their all. Not three weeks before his death, he had, in conjunction with his brother James, issued a report and balance-sheet, representing the bank to be in the most flourishing condition, and declaring a dividend of six per

cent., with an additional bonus of three per cent. Upon the faith of these periodical statements, numbers of farmers, tradesmen, half-pay officers, and others in a similar condition, became shareholders, and were in consequence utterly ruined. From this establishment alone John Sadleir had, with the connivance of his brother, contrived to abstract £200,000; and the total defalcations of the bank, when it suspended payment, amounted to £400,000. As chairman of the Royal Swedish Railway Company, he issued false shares to the nominal extent of £150,000, the whole proceeds of which he appropriated. What he obtained from other sources will probably never be accurately ascertained, but the aggregate must be something enormous.

And what is by no means the least singular part of the affair is, that nobody has ever been able to form a conjecture of the manner in which the money thus fraudulently obtained was dissipated. There was nothing ostentatious in John Sadleir's habits, nor was he in any way extravagant in his mode of living. He kept hunters but not a regular stud, and scarcely ever participated in the pleasures of the table. His whole time was occupied in his numerous business occupations; he appeared to be always making money, and never spending it; and even a day before his death he is known to have received a considerable sum, the disposal of which has never been thoroughly ascertained. The mystery which hangs over the disappearance of the amounts his frauds must have realized, has, no doubt, led to the numerous stories that have been promulgated both in Ireland and America, that the suicide was a sham, and that the body found on Hampstead Heath was not Sadleir's, but one procured to personate him, while he, during the excitement of the supposed self-murder, effected his escape. Unless the witnesses on the coroner's inquest were perjured, and the coroner himself was in the conspiracy, this hypothesis is altogether impossible.

The identity was sworn to by his servant, the medical attendant; and the coroner, Mr. Wakley, who knew him well, and had sat in the House of Commons with him, both being members at the same time, subsequently bore public testimony that the body upon which he held the inquest was indeed that of John Sadleir. And if necessary the evidence of one or two of his most bitter opponents, who examined the corpse, could be produced, who concur in averring that there could not be the least doubt in the matter. Up to the Saturday it is supposed John Sadleir had reason to believe that he would, some way or other, be enabled to stave off the evil hour; for, although the drafts of the Tipperary Bank had on Thursday or Friday been returned by the London agents, he had endeavoured to counteract the prejudice of the event by obtaining insertion in the daily papers of an explanation, stating that the irregularity arose from an error, and that the payments in future would resume their regular course.*

* To illustrate the cool assurance of John Sadleir under the circumstances, it may be as well to give the actual conversation that passed in the office of one of the writers of a City article on the occasion. Even steeped as he was to his eyes in crime, he preserved admirable calmness, and betrayed not the least apprehension.

Scene—Lombard Street, hour about one, p.m.

John Sadleir (pale, cadaverous, but gentlemanly), introduced by a friend and brother director of a Bank.—Oh, there has been some slight mistake respecting the announcement of the drafts of the Tipperary Bank having been refused over the way; it is all set straight; the remittances have been delayed passing through Hull, when they should have come direct to London. Just please mention it, so that the fact may be known.

Party addressed.—You are sure it is all right; because it will be awkward if there is any further difficulty.

Sadleir and his friend.—It is all made straight; you can ask over the way.

Party addressed.—You are sure there will be no *fresh hitch.*

Sadleir (placidly, but with great emphasis).—I am sure there will be no *further hitch.*

The inquiry was made "over the way;" it was stated that the drafts had been provided for, and the explanation as requested was afforded. But

The subsequent difficulties which pressed upon him; the refusal of those with whom he had had extensive pecuniary engagements to afford additional assistance, and the knowledge that his frauds could no longer be concealed, were sufficient causes to oppress his mind, and tempt him to commit the fatal act. At the last moment, therefore, when the dread alternative opened fully upon him, he awoke to the enormity of the crimes he had committed, and was visited with something like compunction of conscience for the misery he had caused. The letters he wrote to his parliamentary friends and his immediate relatives, especially the one addressed to his brother's wife, after he had returned home on the Saturday night, when he resolved upon the suicide, lead to this opinion, and show that, although his intellect had not become disturbed, he felt poignantly the position in which he had, through his nefarious and speculative career, placed himself. It is fully believed that the aggregate amount of his defalcations and frauds will never transpire. Several persons are believed to have suffered to a severe extent, through the positive abstraction and exchange of deeds, but as they are known to be in a condition to bear the loss, they hesitate to admit the fact. Sadleir's own representations were that he was worth at least £6,000 per annum; and it is estimated that an actual sum of between £250,000 and £300,000 must have passed through his hands while he was connected with the London and County Bank, the Royal Swedish Railway, the Carson's Creek Gold Mining Company, and the other class enterprises with which he was associated. No satisfactory trace of its absorption, as has before been stated, can be found, and only one surmise remains, viz., that

the party entertained his suspicions, and meeting the friend of Sadleir late in the day, he asked him if there was not something "doubtful" in the business. The reply was, "No, there cannot be; the Bank has just declared a dividend and bonus, and the report is most favourable." Two or three days afterwards the explosion occurred, and then Sadleir and his transactions appeared in their proper light.

the greater proportion was sunk at the Stock Exchange in speculations disastrous to himself and those who were engaged with him. Dark hints have been dropped, and curious suggestions made, which would point to quarters not generally suspected, although it is not improbable that satisfactory revelations on this all-important point may yet take place. As showing that he followed his designs out in a most practical and business-like way, the discovery was made after his death of a number of real seals of the Encumbered Estates Court, which, of course, would have been employed to assist in the fabrication of deeds to meet his necessities for advances as they arose, had it not been for the measures adopted by Messrs. Wilkinson, Stevens, and Co., and the precipitate collapse of the Tipperary Bank. It is evident, before Sadleir determined with strong nerve and studied preparation to ease himself from his embarrassments, he had left no resource untried to secure means by which to reduce his liabilities. He quitted the world a bachelor, but that, if report speaks truly, was not his own fault, for he had endeavoured to obtain the hand and fortune of more than one wealthy Roman Catholic heiress, through whose money he naturally hoped to retrieve his position, and by diminishing the amount of his general indebtedness, to obliterate the transactions which presented the most fearful testimony of his guilt.* But fortunately he did not succeed in drawing within his toils either of the ladies to whom he paid his court, and that fascination and punctilious business demeanour which had so greatly ensured his admission to the confidence of capitalists and others, failed to serve him, and gain him attention, when he approached the gentler sex.

* The late revelations in the trial of the Tipperary Bank *versus* the London and County Bank show the estimate his brother held of his veracity.

THE SUICIDE OF MR. JOHN SADLEIR, M.P.

(*The Times*, Monday, Feb. 18, 1856.)

The body of Mr. J. Sadleir, M.P., was found on Sunday morning, February 17, 1856, on Hampstead Heath, at a considerable distance from the public road. A large bottle, labelled "Essential oil of bitter almonds," and a silver cream-jug, both of which contained a small quantity of the poison, lay by his side. The body was at once removed to the workhouse, where it was seen by Dr. Nichol a few minutes afterwards. A powerful odour of bitter almonds was perceptible at the mouth. He had, probably, lain on the spot where he was found during the greater part of the night, as the body was quite cold, and the *rigor mortis* completely established. It appears that Mr. Sadleir left his house (11, Gloucester Square, Hyde Park) about half-past eleven o'clock on Saturday night, and as yet nothing further has been ascertained respecting his movements. The body has been recognized by several friends of the deceased. Mr. Sadleir formerly practised as a solicitor in Dublin with great success, and enjoyed a high professional reputation. In 1847 he entered Parliament as member for Carlow, and sat for that borough until the dissolution in 1855. Upon the accession of Lord Aberdeen to the Premiership, Mr. Sadleir was offered, and accepted, office as a Junior Lord of the Treasury, and he continued a member of the administration for some months. In 1848, he became chairman of the London and County Joint-Stock Banking Company, and for several years presided over the affairs of that body with great ability. Subsequently he vacated the chair, and, though his connection with the company continued, he took no active part in its business. His occupation of the chair at the last general meeting, was simply an act of courtesy towards his late colleagues in the direction. We have been informed that he was a purchaser to a large amount of lands sold in the Encumbered Estates Court in Ireland, and that he was extensively connected with various commercial undertakings of magnitude, but that he was under no heavy liabilities to the banking company to which we have alluded; and that for the comparatively small account that remained open against him at the time of his decease, the company was guaranteed by ample securities.

THE INQUEST ON THE BODY.

On Tuesday, the 19th of February, Mr. Wakley, the coroner for Middlesex, and a respectable jury, inhabitants of Hampstead, opened an inquest on the body of Mr. John Sadleir, M.P.

Mr. William T. Manning, coroner of the Queen's Household and the Verge, appeared on behalf of the relatives of the deceased, two of whom were present—namely, Mr. William Sadleir, his eldest brother, and Mr.

Clement Sadleir, a younger brother. Several of the personal friends and acquaintances of the deceased were also in attendance, including, among others, Mr. Francis Scully, M.P., Mr. Vincent Scully, M.P., Mr. Leonard Morrough, of Dublin, Mr. J. H. Doyle, and Mr. Norris.

The deceased gentleman was known in public life as the representative in Parliament, first of the borough of Carlow, and lately of Sligo, as a Lord of the Treasury in the Government of Lord Aberdeen, and as the Chairman of the London and County Bank. He was in the forty-second year of his age, unmarried, and had in early life practised as a solicitor in Dublin.

The jury proceeded to view the body, which lay in a shell in the dead-house, and on their return

Joseph Elwin was called, and deposed that he was the butler of the deceased, and resided in his master's house, 11, Gloucester Square, Hyde Park Gardens. He had seen the body, and identified it as that of Mr Sadleir. He saw him last alive, about half-past eleven o'clock on Saturday evening last, in the dining-room of his own house. He did not know what time the deceased left the house, but it must have been between half-past eleven and a quarter to one o'clock. He had previously to half-past eleven gone twice into the dining-room to take away the tea-things, but his master would not allow him to do so. At a quarter to one o'clock that night he went to fasten the front door, but he did not do so, finding that his master had gone out. On going into the dining-room, where his master had been during the evening, he found that one of the candles had been put out; and on returning into the hall, he noticed the other extinguished, and standing on the slab there. He also knew Mr. Sadleir had gone out, from his hat and a thick heavy greatcoat, the latter of which he seldom wore, having been taken away from the hall. The front door was shut, but he did not interfere with it, as he knew his master was out, and could let himself in with his latch-key.

Joseph Bates, a labouring man, living at 7, Branston's Court, Hampstead, deposed to finding the body of the deceased, about twenty minutes before nine o'clock on Sunday morning last, at the back of the Jack Straw's Castle Tavern, beside a bog, about two hundred yards from the high road. He was lying on his back, with his head bent backwards against a furze bush, and his feet towards the edge of the bog. All his clothes were on except his hat, which lay near to the body. He did not go nearer to the body at first than about twenty yards, until a policeman came, whom he had directed a man named Rudge, who was passing, to go for. On approaching the deceased with the police-constable and Rudge, they found near him a silver cream-jug (produced) and a bottle marked "poison." [The bottle was here produced and identified. It had a glass stopper covered with leather, across which the word "poison" was written in large

letters three times. The bottle itself, which was so large as to hold nearly half a pint, was also labelled with the same word in different places, and was inscribed, "Essential oil of bitter almonds," and with the name of the chemist who supplied the poison, "John Maitland, 10, Chester Place, Hyde Park Square."] He did not feel the skin of the body at all, to know whether or not it was cold. He saw the pockets searched by the police-constable. [The constable, as will be seen, afterwards described their contents.] The body was put on a stretcher, and taken to the workhouse. No medical gentleman was sent for when the body was first found. He saw no signs of violence or struggling about the spot, nor were the deceased's clothes at all torn or disturbed.

Police-constable Hewson, 323 S, deposed to accompanying the previous witness to see and remove the body about a quarter before nine on Sunday morning. He saw nothing about the spot to indicate a struggle, except a mark or two which the deceased appeared to have made with his heels. The body was quite cold. They found on the person of the deceased six sovereigns, two half-sovereigns, a £5 note, 12*s.* 6*d.* in silver, some copper, a white cambric pocket-handkerchief, a small pocket paper-knife, a latch-key, a pair of gloves, a case containing two razors, a piece of paper, on which was written "John Sadleir, 11, Gloucester Square, Hyde Park." [The butler identified the writing on the paper as that of his master, and also the rest of the articles as having belonged to him.] The cream-jug, which had a few drops of the poison still in it, was lying near him, as if it had dropped from his right hand. The bottle lay on his left side, with the stopper out, and about a foot distant from it. The razors were also lying in the case on his right side, and the piece of leather with which the stopper of the bottle had been tied down was in his waistcoat pocket. No medical man saw the deceased before he was taken to the workhouse; but Mr. Nichol, surgeon, saw it there. He (witness) found no letter or document on the deceased, but the piece of paper bearing his name and address. A few lumps of sugar were found loose in his coat pocket.

Mr. R. Nichol, surgeon, practising at Hampstead, said he saw the body of the deceased at twenty minutes to ten o'clock, on Sunday morning last, in the deadhouse of the workhouse. It was then quite cold, and the limbs were rigid. There was a most powerful odour of the essential oil of bitter almonds perceptible at the mouth. The eyes were glistening, and quite life-like in expression. There was no froth at the mouth. But for the smell of the oil of almonds, there was nothing to show that the unfortunate gentleman had died of poison. The eyes retained their life-like expression for several hours. He made the *post mortem* examination of the body on Monday evening, when it had undergone little or no change. It bore no mark of external violence anywhere. There was some *post mortem* congestion of the lungs, posteriorly, and of the bronchial tubes.

There was no valvular disease of the heart, but a thickening was perceptible in the left ventricle. The right auricle of the heart was distended with blood, and the left ventricle was empty. The only cavity that contained blood was the right auricle. There was an odour of the essential oil of almonds all over the body. The stomach contained about ten ounces of matter, consisting mostly of undigested food. From six ounces of that matter he took an ounce and a half of essential oil of bitter almonds by distillation, and half an ounce simply by filtration. Embedded in the coats of the stomach, and lying on it, were numerous black particles, perceptible to the naked eye. On examining these with the microscope, he believed them to be powdered opium. Those particles were stuck all over the mucous membrane, chiefly on the upper curvature, and were so numerous as not to be counted. The mucous membrane of the duodenum was friable like that of the stomach, though not so much so, and its contents showed the oil very evidently. The liver was healthy, but had a patch of discolouration on it. The gall bladder was empty, and there was slight congestion here and there throughout the smaller intestines. The kidneys were congested, but otherwise healthy. The pupils of the eyes were dilated. The brain and membranes were congested, but were otherwise healthy, and exhibited no signs of inflammation whatever. There was an effusion of serum at the base, slightly tinged with blood, to the extent of from four to six drachms—a large quantity certainly—which might have been thrown out in the act of death. There could be no doubt that the effect of the essential oil of almonds was the cause of death.

Elwin, the butler, was recalled, and identified the cream-jug as that which his master used at tea on Saturday evening. He added, in reply to the Coroner, that Mr. Sadleir was quite alone when he left him at tea. He had not seen the bottle before which had been produced to-day. He took a bottle from the maidservant between nine and ten o'clock on Saturday evening, which was wrapped up in paper. About five minutes before seven o'clock on Saturday evening, when he was laying the cloth for dinner, his master gave him a piece of paper, in his own handwriting, to take to Mr. Maitland, the chemist. [This paper, which was produced, was written in a bold flowing hand, and was exactly as follows:—"Get from Maitland's a bottle of the essential oil of bitter almonds; I don't know the quantity wanted, but—but Kenyon writes to me to bring £1 worth. Pay my bill at Maitland's."] [Kenyon was stated, by a gentleman present, to be the deceased's groom, and to have care of his stud of hunting horses at Leighton Buzzard.] He went to Maitland's, but the assistant could not give it him at that time. He asked the assistant what quantity of the article a sovereign would purchase, and he replied about half a pint. Mr. Sadleir had previously that evening asked him to clean two bottles, and place them on the sideboard, which he did. He (witness) did not know it

was poison that he had to get at Mr. Maitland's. He thought it was some ingredient in a hair-wash which his master was going to mix in the two bottles which had been placed on the sideboard. After nine o'clock Mr. Sadleir rang the bell, and asked him if anything had come from Mr. Maitland's. Witness said there had not. Mr. Sadleir said he supposed Mr. Maitland had not the article by him, and had to send out for it. Witness said he had, for it had been sent for at seven o'clock. Mr. Sadleir wished him to go for it, but witness got the kitchenmaid to go, as he had to attend to the tea, asking her at the same to post a letter which Mr. Sadleir had written to Mrs. Sadleir, in Ireland, his sister-in-law. She returned from Mr. Maitland's in about half an hour with a bottle wrapped up in paper, accompanied by a note, both which he took upstairs and laid by Mr. Sadleir's side on the table. Mr. Sadleir was then sitting with his back to him and apparently reading, and did not speak to witness. He had lived with the deceased upwards of eighteen months. The deceased was a temperate and sober man. He only drank a glass or two of sherry with his dinner. He had not of late noticed any change in the deceased's manner. The deceased was much occupied in business. He had not complained of his head at all, or of not being able to sleep, nor was he under medical treatment. He came home unexpectedly to dinner on Saturday evening. He seldom dined at home, but usually at his club. He left home in a cab on Saturday morning, with a quantity of papers with him, as he was accustomed to do. Before getting into the cab he returned to his room upstairs, as if he had forgotten something. Again, before he had left in the cab many minutes, he returned, and went upstairs for a few moments. He left in the cab again, and did not return until the evening. He had never before made any attempt on his life to witness's knowledge. He always spoke civilly to witness, especially of late, when witness had got used to his ways.

Hannah Bishop, a woman of middle age, said—I acted as kitchenmaid to the deceased. I went to the shop of Mr. Maitland, the chemist, at the request of the preceding witness, for a parcel on Saturday night last, between nine and ten o'clock. I saw Mr. Maitland's assistant, who asked me if I was going to give it to Mr. Sadleir himself? I said I should give it to the butler. He asked me again whether I was going to give it to Mr. Sadleir. I said I never saw the gentleman (meaning Mr. Sadleir), but I would give it to the butler. The assistant cautioned me particularly about its being poison, and asked me not to let it lie about at all on any account, but to take it up to Mr. Sadleir immediately. I gave it to the butler, and did not hear anything more about it. When I went to Mr. Maitland's, I took a letter to the post, which was given me by the butler. It was addressed "Mrs. Sadleir, Clonocody, Clonmel." I believe she was the deceased's sister-in-law. I have lived three years in his service, but I very

seldom saw him. I had sometimes fetched pills from Mr. Maitland's for Mr. Sadleir, but not laudanum or opium.

A gentleman present said, the letter to Mrs. Sadleir, being posted after post hour on Saturday night, would not reach its destination until this (Tuesday) morning.

The Coroner then asked Mr. Manning if he had any evidence to offer?

Mr. Manning said he had not, nor did he wish to interpose in any way as to the evidence which the Coroner might think necessary to establish the cause of death.

The Coroner said, nothing could be clearer than the cause of death. Any inquiry after that was much to be regretted, seeing that it might extend to matters which might distress the feelings of relatives. He thought the law in that respect was most unsatisfactory. The letter written by the deceased to his sister-in-law appeared to be a document that ought to be produced, in the opinion of some of the jury near him. He (the coroner) had no desire to see it. It was perfectly clear to him that the unfortunate gentleman had died by his own act. Nothing could by any possibility be plainer. It was much to be deplored that facility was afforded to him to obtain the poison in the way he had done; but, judging from his carrying a couple of razors in his pocket, it was clear that if he had failed in destroying himself by taking or procuring the essential oil of almonds, he would have done it with a razor. The only question for the consideration of the jury was as to what was the state of his mind at the time he committed the act.

A juryman said, it was with that view only that the jury wished to see the letter produced.

Mr. Manning said, Mr. Norris, a legal gentleman, was present, who was with Mr. Sadleir till a late hour on Saturday night, and probably the Coroner would wish to have him called.

The Coroner said, it was very desirable that that gentleman should give evidence, if he had any to tender.

Mr. Anthony Norris was then called, and, in reply to questions put by the Coroner, said,—I am a solicitor, practising at No. 2, Bedford Row, and was intimately acquainted with the deceased. I saw him last alive, shortly before eleven o'clock on Saturday night last, at his house. There was no one else with us. I had no appointment with him, but I went up there to see him, and was with him about half an hour. I had known him since 1843, and had frequently transacted business with him. He was engaged in several public concerns. He was Chairman of the London and County Bank, and of the Royal Swedish Railway Company. I believe he was also connected with several other companies, including an Irish bank, of which he was a director. He appeared oppressed by his undertakings. Latterly he seemed rather haggard. During the last week particularly I had noticed

a great change in his appearance. He did not complain of his head, but I have noticed him put his hand to his head as if he was oppressed. He appeared to be quite borne down by the extent of his business, and particularly by some occurrences which took place with reference to his affairs last week. They were losses and pecuniary embarrassments which had lately come upon him, and it was about these that he talked to me during our interview on Saturday night. During the interview I noticed a peculiarity in his manner. His eyes were bloodshot. He was very restless, and evidently not in his usual temperament when I saw him. I had not seen him in such a state before, at least not to anything like the same extent. He was always cool and collected until within the last few days. From Wednesday last, inclusively, I had seen him every day, and I think I saw him on Tuesday also. I was not his solicitor. I believe he had various solicitors, and I have understood that Mr. Gurney, of No. 2, Nicholas Lane, was one of them. Mr. Gurney and his partners I know transacted business with him on Saturday. His life was insured some years ago. He told me on Thursday or Friday last that it was insured. I know it was insured, for I once paid a premium upon the policy. [Mr. Manning.—It was insured in one office for £5000.] He told me he had life policies, but he did not say to what amount on the whole. When I left Mr. Sadleir about half-past three on Saturday afternoon he made an appointment with me for the next (Sunday) morning, at eleven o'clock. He said he would rather I would not call on him that (Saturday) evening, because he wanted to collect his papers, and to be alone. In consequence, however, of receiving a letter from Ireland after leaving him on Saturday afternoon, which concerned him, I went and saw him again that evening. He seemed surprised when I went in, and was walking about the room, which was very unusual with him. I thought I perceived a very great redness and peculiarity about the eyes, as if he had been weeping. I called next morning to keep my appointment with him at eleven o'clock, and then I learnt for the first time that he was dead. The communication I made to him on Saturday night was not of a distressing character. It had reference to the events that had pressed upon him during the week, and that was the cause of my going to see him. I found, on going to his house on Sunday morning, that he had left a letter for me in the hall, which Mr. Nichol, who had gone there before me, had taken to my private residence after I left home. It was written by Mr. Sadleir, and dated Saturday night.

The Coroner—Have you brought that letter with you?

Witness—I have not.

The Coroner—Why did you not bring it?

Witness—I forgot it.

The Coroner appeared to think the omission remarkable under the cir-

cumstances, and asked if witness had really forgotten the letter, or whether he had any reluctance to produce it?

Witness said, he had been much affected ever since the death of Mr. Sadleir, and had really forgotten to bring the letter. He did not know whether it was written after he left the deceased on Saturday night. He found it on returning to his private residence, about half-past eleven on Sunday morning.

By Mr. Manning—In the course of Saturday afternoon I made a remark in Mr. Gurney's office in reference to Mr. Sadleir's appearance, and to some reverses that had come suddenly upon him. The remark was, that I should not be surprised if Mr. Sadleir were to shoot himself. I said that to a Mr. Stevens about two o'clock on Saturday afternoon. I was acting professionally for Mr. Sadleir in one matter at the time of his death. The reason I made that remark was, that Mr. Sadleir was a man of extraordinary clearness and strength of mind, and my impression was that these reverses, coming suddenly upon him, as they did on Wednesday morning last, his mind would break down at once. I was told last week that his losses were very severe. The subject was discussed in my office, and he admitted it.

Mr. Manning said he had to contend that the letter written by the deceased to Mr. Norris would be a confidential communication between solicitor and client.

The Coroner intimated that he would consider the point.

The butler was recalled, and stated that on Sunday morning, when he saw his master had not come home, he found three letters on the slab in the hall, all addressed to Mr. Robert Keating, M.P. for Waterford, at Shamrock Lodge, Clapham, accompanied by a paper in Mr. Sadleir's handwriting, to the effect that if he was not at home by nine o'clock on Sunday morning, he (witness) was to deliver them. At nine o'clock on Sunday morning, his master not having come home, he sent a messenger with the letters to Mr. Keating at Clapham. There was also a letter addressed to Mr. Norris left on the slab in the hall.

Joseph Westrup deposed that he was an assistant to Mr. Maitland, chemist, 10, Chester Place, Hyde Park Square. He had heard the evidence of the butler and kitchenmaid, which was in all respects correct. He wished to add that he wrote a note to Mr. Sadleir, and sent it with the kitchenmaid, when she took away the bottle containing the oil of bitter almonds. As the original letter did not appear to be forthcoming, he wished to read a copy of it which he had kept. It was as follows:—

"As the poisonous qualities of the essential oil of almonds are very great, Mr. Maitland would be obliged to Mr. Sadleir not to allow it to pass

into the hands of inexperienced persons, who may perchance be unaware of the danger in using it, or allow it to lie about unprotected.

"10, Chester Place, Feb. 16, 1856."

The Coroner said it was a pity that such articles should be sold, even by medical men.

Mr. Maitland remarked that the essential oil of bitter almonds was sold by every confectioner in the kingdom.

The Coroner.—A pleasant reflection for those who eat confectionery. (A laugh.) Some custards that I have seen I know have contained the essential oil of bitter almonds in poisonous quantities.

Witness continued to say he had been in the habit of supplying Mr. Sadleir with medicine occasionally, but not before with the essential oil of bitter almonds; and that he should not have furnished it on Saturday night last, had he not received an application for it in that gentleman's own handwriting.

The Coroner then ordered the room to be cleared, and on the readmission of the public, after an interval of a few minutes, he said the jury had unanimously expressed a wish that the inquiry should be adjourned, in order to afford time for the production of the letters written by the deceased on the night preceding his death, and any further evidence that could be adduced to show the state of his mind at that time. They wished him to say, at the same time, that, in making that request, they had no wish to go unnecessarily into the private or family affairs of the unfortunate gentleman, or to cause any pain to his surviving relatives.

Mr. Manning said the letters written to Mr. Keating would be in the nature of family affairs, as that gentleman was a relative of Mr. Sadleir.

The Coroner admitted that the production of the letters might be attended with some difficulty; but the jury were only anxious to have some evidence which might throw light on the state of the deceased's mind at a time shortly before his death, and when the letters in question were produced they would form their opinion as to whether it was desirable that they should be put in and appear on his notes.

Mr. Manning said he was quite unaware of the contents of the letters in question, and he supposed when they were produced the Coroner would peruse them in the first instance, and then confer with the jury as to the desirability, or otherwise, of reading them in open court.

The Coroner said that those letters were written at a late hour on Saturday night, and it was essential that they should be produced to show, if possible, the state of mind of the deceased at that time. At the same time, he thought inquiries into family and private affairs in cases of this kind were highly mischievous, and he trusted the day was not far distant when the law would be altered in that respect.

At the request of Mr. Manning, Mr. Wakley gave an order for the

interment of the body of the deceased, and the inquest was adjourned until Monday next, at eleven o'clock.

THE ADJOURNED INQUEST.

On Monday, the 25th of February, at eleven o'clock, Mr. Wakley, the coroner for Middlesex, and the jury resumed, at the workhouse in Hampstead, the inquest adjourned from Tuesday last, on the body of Mr. John Sadleir, M.P. for Sligo, who was found dead on Hampstead Heath on the morning of Sunday week, under circumstances which left no doubt that he had died by his own hand. It will be recollected that the inquest was adjourned at the request of the jury, to allow time for the production of certain letters written by the deceased on the night preceding his death to Mrs. James Sadleir, his sister-in-law, in Ireland, Mr. Robert Keating, M.P. for Waterford, one of his most intimate friends, and Mr. Norris, a solicitor in Bedford Row, who had also been on terms of intimacy with him; which letters, it was expected, would throw some light on the state of mind of the deceased almost up to the very time when he committed the act of self-destruction.

Mr. William T. Manning, coroner of the Queen's Household and the Verge, was again in attendance on the part of the relatives of the deceased, some of whom were present, as were also several of his personal acquaintances and others with whom he had been in the habit of transacting business.

Mr. Manning, addressing the coroner, said he should state shortly the course which it was proposed to pursue. The letters which the jury had expressed a wish to see at their last sitting were now in court, in pursuance of the summons of the coroner. Mr. Keating was in attendance, and would produce the letters written by the deceased to him on the night preceding his death, and also the letter written by the deceased to him on that night to Mrs. James Sadleir, his sister-in-law, in Ireland. Mr. Norris was also present, and would produce the letter written by the deceased to him on the same evening. He (Mr. Manning) proposed to hand them to the coroner, and it would be for him and the jury to deal with them as they thought right. Under ordinary circumstances he should have contended that those letters, written under such peculiar circumstances, ought to have been excluded from the public; but, looking to the serious nature of this case, he was instructed to say, on behalf of the family of the deceased, that they had no wish that anything calculated to throw light on the inquiry should in any way be concealed, and that it was their desire that an open and complete explanation of all the circumstances should be made, so far as they were concerned. As regarded the letter to Mr. Norris, he would state the course that gentleman intended to take. That was a letter written under peculiar circumstances—

The Coroner (interrupting) said Mr. Norris must, of course, be subject to the rule of court, and must not propose to himself any course of conduct. His course of conduct must be prescribed for him. He believed Mr. Norris had better be called first. He (the Coroner) would look over the letters before they were read in open court, and then determine whether they should be openly read or not. He was quite certain that was the course which ought to be adopted in a case of this kind, and he must take upon himself the responsibility of it.

Mr. Manning acquiesced in the suggestion of the Coroner, and

Mr. Anthony Norris, solicitor, of No. 2, Bedford Row, a witness examined at the previous sitting of the court, was re-called, and, in reply to questions put by the Coroner, said, I left Mr. Sadleir a little after eleven o'clock on the night of Saturday, the 16th inst., preceding the Sunday morning on which he was found dead. I had been with him on that occasion about half an hour. While I was with him he received a telegraphic message from Dublin, which he showed to me. I have not got that message with me. It was a reply to a telegraphic message which he had sent from the Reform Club in a former part of that evening. I don't think the receipt of the message made any great impression on his mind. He read it, and then threw it over to me to read. The letter, a copy of which I am about to produce, is in the handwriting of the deceased. The original letter refers to the names of parties unconnected with this inquiry, and its production before the public might cause injury to them. I am acting under the advice of counsel, and I wish to hand in an exact, literal copy of that letter, with the omission merely of the names of those parties.

The Coroner said he should require to see the original. (It was handed to him by the witness, and he read it privately.) There were names of persons, he continued, addressing the jury, in that letter who were stated by the deceased to have been grievously injured by his acts, and it would be still greater injury to those unfortunate persons to have their names made public. He should therefore take upon himself the responsibility of not making them public, for nothing could be more undesirable. Several of them were said to have been ruined by his villany. The letters would therefore be read by the witness, omitting merely the names of those persons.

Mr. Norris, the witness, then read the letter, which was as follows, omitting the names:—

"Saturday Night.

"I can not live—I have ruined too many—I could not live and see their agony—I have committed diabolical crimes unknown to any human being. They will now appear, bringing my family and others to distress—causing to all shame and grief that they should have ever known me.

"I blame no one, but attribute all to my own infamous villany. ——,

——, ——, ——, ——, ——, ——, and hundreds of others ruined by my villany. I could go through any torture as a punishment for my crimes. No torture could be too much for such crimes, but I can not live to *see* the tortures I inflict upon others.

"J. SADLEIR.

"Telegraph to ——, and otherwise when you read this."

Witness added, in reply to the Coroner, that the deceased told him during their interview on the Saturday night that some shares had been sent up to his house, and he had them there that evening. He acted for the deceased professionally in one trust in which he was concerned, and was not otherwise his solicitor.

Mr. Robert Keating, M.P. for Waterford, was next called. He said, in answer to the Coroner, I reside at Clapham, Surrey, and was intimately acquainted with the late Mr. Sadleir. On Sunday morning, the 17th inst., I received two letters addressed by him to me. I saw him last in the City on the Saturday, about five o'clock, the evening before his death. I saw him on business at No. 2, Nicholas Lane, the offices of Messrs. Wilkinson, Gurney, and Stevens. He exhibited considerable excitement in consequence of the critical position of the Tipperary Joint-Stock Bank. I was with him about half an hour. I did not hear that he had been made aware then of any gentleman going to Dublin. I heard in the morning that one of the firm of Wilkinson, Gurney, and Stevens was going over to Dublin, but I don't recollect that Mr. Sadleir's name was mentioned in connection with that visit. I have the letters by me which Mr. Sadleir wrote to me on the Saturday night. In justice to myself I would say it is painful to me to produce them, inasmuch as I consider them private and confidential.

The Coroner said he regretted as much as any one the necessity for their production; but in all probability they were written after eleven o'clock on the night preceding his death, and were probably his last acts before that of self-destruction. It was therefore highly desirable that they should be produced, seeing that they might throw some light on the state of mind of the deceased at that time.

Mr. Keating said he should hand them in to the Coroner, and he would make what use of them he thought right.

The letters were then given to the Coroner, and, having been read by him in private, he asked if the Tipperary Bank had stopped payment, to which Mr. Keating replied in the affirmative.

The Coroner said if the Tipperary Bank had not failed, he should certainly not have allowed the letters, some of which contained references to that bank, which would otherwise have been injurious to it, to be read.

Mr. Keating then read the letters written to him by the deceased as follows, the punctuation and the words in italics being the deceased's own:—

"Dear Robert,—James sent me over his title deeds of Coohammick and Kilconnell—I have not used these deeds in any way. I gave J. Gurney a letter from James, intrusted to me by him—which J. Gurney had sent to him—This letter can not be acted on by J. Gurney without my brother's express authority. "JOHN SADLEIR.

"16 Feby 56.

"R. Keating, Esq., M.P.

"T. Uzielli has a bank bill, £2000, on which *nothing is due.* It should be at once cancelled—If on Monday the bank is to be saved, £8200 must be paid to East Kent Railway for 2 Orders £6200 and £2000—£2500 must be paid in to Glyn's to meet order at sight issued to-day at Carrick. Gurney knows the orders falling due on Tuesday. All are *advised* save the one for £6200 my favour. This must be taken up on Monday not being advised—I can not live. "J. S."

That letter contained the following telegraphic message:—

"Forwarded from Dublin station, and received at the Strand station, February 16, 1856.

"From James Sadleir, 30, Merrion Square (South), Dublin, to John Sadleir, Esq., M.P., Reform Club, Pall Mall, London.—All right at all the branches—only a few small things refused there. If from twenty to thirty thousand over here on Monday morning all is safe."

Witness (to Mr. Manning) said he found, on applying to Mr. Uzielli, that nothing was due upon the draught mentioned in the letter which had just been read, and that that gentleman had anticipated the request to have it cancelled. The "J. Gurney" named in the letter was lately one of the firm of Wilkinson, Gurney, and Stevens.

The Coroner said, in the letter which the witness would next read names were given of parties who were stated by the writer to be innocent. One of the gentlemen so referred to was in the room, and he (the Coroner) should certainly not allow his name to be read if he objected to it.

Witness then read the letter as follows, Mr. Norris, to whom allusion was made by the Coroner, having waived all objection to his name being read in public:—

"11, Gloucester Terrace, 16 February, 1856.

"Dear Robert—To what infamy have I come step by step—heaping crime upon crime—and now I find myself the author of numberless crimes of a diabolical character and the cause of ruin and misery and disgrace to thousands—aye to tens of thousands.

"Oh how I feel for those on whom all this ruin must fall—I could bear all punishments but I could never bear to witness the sufferings of those

on whom I have brought such ruin—It must be better that I should not live.

"No one has been privy to my crimes—they sprung from my own cursed brain alone—I have swindled and deceived without the knowledge of any one—Stevens and Norris are both innocent and have no knowledge of the fabrication of Deeds and forgeries by me and by which I have sought to go on in the horrid hope of retrieving.

"It was a sad day for all when I came to London.

"I can give but little aid to unravel accounts and transactions.

"There are serious questions as to my interest in the Grand Junction and other undertakings.

"Much will be lost to the creditors if these cases are not fairly treated.

"The Grand Junction the East Kent and the Swiss Railways the Rome line the Coal Co are all liable to be entirely lost now—so far as my assetts are concerned.

"I authorize you to take possession of all my letters papers property &c &c in this house and at Wilkinsons and 18 Cannon Street.

"Return my Brother his letters to me and all other papers—The prayers of one so wicked could not avail or I would seek to pray for those I leave after me and who will have to suffer such agony and all owing to my criminal acts.

"Oh that I had never quitted Ireland—Oh that I had resisted the first attempts to launch me into speculations.

"If I had had less talents of a worthless kind and more firmness I might have remained as I once was, honest and truthful—and I would have lived to see my dear Father and Mother in their old age—I weep and weep now but what can that avail. "J. SADLEIR.

"Robert Keating, Esq., M.P.,
Shamroque Lodge, Clapham."

The reading of this letter produced a great sensation in court. The witness himself was much affected, and when he came to the touching reference by the deceased to his aged father and mother, his emotion became so great that he was obliged to pause till it had subsided.

Witness proceeded to say that he had applied to Mrs. James Sadleir for the letter written by the deceased to her (his sister-in-law) on the night preceding his death. He would read that lady's letter if the Coroner wished it.

The Coroner thought it desirable.

Witness read—

"Dublin, Feb. 23, 1856.

"Dear Mr. Keating.—I only received your letter on Wednesday, the 20th inst., here this morning. I now enclose you the letter I received from poor unfortunate John Sadleir. It may throw some light on the state

of his mind at the time he wrote it. As you will perceive, he neither addresses me in his usual manner, nor even adds his signature.

"Please be careful of the enclosed letter, and return it to me,

"Believe me yours sincerely,

"EMMA SADLEIR.

"Robert Keating, Esq., M.P., 21, Lombard Street, London."

The enclosure, which witness said was in the handwriting of the deceased, was as follows:—

"James is not to blame—I alone have caused all this dreadful ruin.

"James was to me too fond a Brother but he is not to blame for being deceived and led astray by my diabolical acts.

"Be to him at this moment all the support you can. Oh what would I not suffer with gladness to save those whom I have ruined.

"My end will prove at least that I was not callous to their agony."

Witness, in reply to the Coroner, said, in compliance with the deceased's request, he had taken possession of his letters and property, except the papers which he left at Mr. Wilkinson's, of which Mr. Morrough, solicitor, of Denmark Street, Dublin, had taken the care.

Mr. Josiah Wilkinson, of the firm of Wilkinson, Gurney, and Stevens, solicitors, 2, Nicholas Lane, said—The deceased came to me on the morning of Saturday preceding his death, and suggested that I could raise some money with the view of assisting the Tipperary Bank. He showed me some telegraphic messages he had received from Ireland on the subject of their wants. He had several schemes by which he thought I could assist him in raising money; but, after going into them, I told him I could not help him, the schemes being such as I could not recommend or adopt. He then became very excited, put his hand to his head, and said, "Good God, if the Tipperary Bank should fail the fault will be entirely mine, and I shall have been the ruin of hundreds and thousands." He walked about the office in a very excited state, and urged me to try and help him, because, he said, he could not live to see the pain and ruin inflicted on others by the cessation of the bank. The interview ended in this, that I was unable to assist him in his plans to raise money. He had not been in the habit of coming into my office for a considerable time until a few days before his death, we having had some difference. My partner, Mr. Stevens, went to Dublin that (Saturday) evening, at my suggestion, with a security or deed belonging to me, which I wanted registered there. I should state that Mr. Sadleir has written to me from time to time to pay sums of money for him, which I have done, and some of which he had repaid me. The money, notwithstanding, which I had advanced for him at length became so large in amount, that I asked him to give me a security for it, which he did. About six weeks before he died I remembered that the security was

not registered, and, when I found the Tipperary Bank was in difficulty, I determined to have it registered. It was with that view that I requested my partner to take it to Dublin. On arriving there he found it to be a forgery. The security he lodged with me purported to be a deed given on the purchase of an estate in the Encumbered Estates Court. It was signed by two of the commissioners of that court and by two attesting witnesses in two different parts of the deed, and not a single signature was genuine. (Sensation.) It had a genuine seal of the Encumbered Estates Court attached to it, and the commissioners themselves admit the seal to be genuine. That seal might have been transferred from some other genuine deed to the spurious one, because the seal of the court is not impressed on the document or in wax, but on a large wafer, and attached to it. There is such an estate as the deed purports to convey to me. I have heard that a large sum of money was given to the deceased in my office on the Saturday before he died. I have not heard anything of it since. It is not a matter of which I have any personal knowledge. I cannot say who told me of that circumstance, there have been so many rumours about the matter.

The Coroner said the witness might perhaps be aware that, in cases of this kind, an inquiry into property was a legitimate portion of the investigation, and might be carried infinitely further than he had yet carried this inquiry.

Witness repeated that he knew nothing of his own knowledge of the matter to which the Coroner referred. Mr. Sadleir came in and out of his (witness's) office once or twice on the Saturday, and every time he saw him he was in the greatest possible excitement. He (witness) attributed his death to his excitement about the Tipperary Bank, and to his knowledge that he (witness) was about to send his deed over to Dublin for registration. A great many rumours were afloat about forged deeds, but he (witness) knew of no other forged deed than his own. Several of Mr. Sadleir's deeds had, from time to time, passed through his hands to persons who had advanced money upon them; but he (witness) had no reason to believe that any one of those deeds was not genuine. He did not think there was a single person who had the deceased's confidence. He was a most reserved man. It was extremely difficult to get any information from him beyond what he chose to impart. He believed Mr. Sadleir had written the letters which had been produced under great excitement. He (witness) knew much of his affairs, and he believed there was much in those letters that was not correct.

The Coroner said that statement would give rise to a most important question; and he asked Mr. Manning, as the representative of the family of the deceased, if he was prepared to show that Mr. Sadleir's own state-

ments as to his forgeries and crimes, and the ruin and misery he had heaped upon others, were delusions.

Mr. Manning replied that he was not. All the information in his possession was now before the Court.

The Coroner said if Mr. Manning had been prepared to show that, the testimony would be most important. The failure of the Tipperary Bank was a reality, as was also the forged deed, but they had had no evidence of any other crimes committed by the deceased.

Mr. Keating said up to that moment no document appeared to have turned up to bear out the deceased's statements of his forgeries, except that of Mr. Wilkinson. What might hereafter be discovered it was impossible to say.

Mr. Norris here stated that Mr. Gurney had told him that he gave Mr. Sadleir £13,000 in bank-notes before he left the City on the Saturday afternoon before his death. (No trace of this sum has since been discovered.)

Mr. Keating said the deceased had told him there was a £1000 note among his money, but that had not been found.

The Coroner said it was important to know whether the statements of Mr. Sadleir respecting himself were founded in fact. Had he committed the crimes and offences which he imputed to himself? If he had not, the jury could scarcely have any hesitation in concluding that he was a man of unsound mind, and acting under delusions at the time he destroyed himself. He was prepared to adjourn the inquiry for the purpose of obtaining further testimony on that point if the jury or the friends of the deceased desired that he should do so. The question of property was an exceedingly important one in this case, because if Mr. Sadleir had destroyed himself while of sound mind he had committed self-murder, and his property, whatever it might be, would be forfeited to the Crown. The deceased said he had been guilty of numberless crimes of a diabolical character, and the cause of ruin, misery, and distress to thousands and tens of thousand of persons. After looking at the evidence with the greatest possible care and attention, he (the Coroner) confessed he could see, up to this point, no signs of insanity in the deceased whatever; but if it should be ultimately proved that the letters which had been put in were written under the delusion that he had committed offences which, in reality, he had not committed, that would be conclusive evidence that he was a man of unsound mind. Under those circumstances he thought it would be desirable to adjourn the inquest for another week. The Crown, with regard to property in such cases, united the powers of the Court of Chancery and the courts of common law. There was hardly, in fact, any power more potent or more pungent than that which the Crown possessed in the case of

persons who had committed the crime of *felo de se*. Except on the hypothesis which had been suggested, he really could see nothing in the evidence, so far as it had gone, which could lead to the conclusion that the deceased was a man of unsound mind at the time he destroyed himself. Under those circumstances, he thought it due to him and his family, and to the interests of society at large, that an opportunity should be given for further inquiry.

The inquest was then adjourned until Tuesday, the 11th of March, at eleven o'clock.

THE SECOND ADJOURNMENT.

On Friday, the 11th of March, at eleven o'clock, the inquest on the body of Mr. John Sadleir, late member for Sligo, adjourned from the 25th ult., was resumed at the workhouse in Hampstead, before Mr. Wakley, the coroner for Middlesex, and the jury.

It will be remembered that, towards the close of the last sitting of the Court, after the letters written by the deceased in the evening preceding his death had been read, in which he repeatedly charged himself with the commission of diabolical crimes, the recollection of which, he said, made it impossible for him to live, Mr. Josiah Wilkinson, a solicitor, in Nicholas Lane, with whom Mr. Sadleir had been long on terms of intimacy, and had often transacted business, and in whose office he was several times on the Saturday before his death, stated that, from his knowledge of the deceased and his affairs, he did not believe he had committed any crime which justified the strong language which Mr. Sadleir had applied towards his own conduct. Mr. Wakley, the coroner, thereupon suggested, that if the statement made by Mr. Wilkinson could be borne out by evidence, it would be material for the jury to consider whether or not, the deceased, in so characterizing his conduct, was acting under some delusion or hallucination, from which it might be fairly inferred that he was not of sound mind when he committed the act of self-destruction. The coroner, at the same time, expressed a strong opinion that, so far as the evidence had gone, he could find nothing in it to justify the conclusion that the deceased was insane at the time he took away his own life. The inquiry was eventually adjourned until this date, to afford time for the production of evidence, if any such there might be, calculated to support the belief of Mr. Wilkinson, or otherwise.

Mr. W. T. Manning, coroner of the Queen's Household and the Verge, was again in attendance on behalf of the relatives of the deceased. Mr. Robert Keating, M.P. for Waterford, and Mr. Anthony Norris, solicitor, of Bedford Row, with both of whom Mr. Sadleir held intimate relations, were also present. There was a considerable number of other persons in the room during the proceedings.

The Court having been formally constituted,

The Coroner asked Mr. Manning if he had any more witnesses to call.

Mr. Manning said he had not; but there were some documents to which he should call the attention of the Court presently. He would first state, in reference to questions asked at their last sitting, as to a sum of money paid to Mr. Sadleir on the Saturday preceding his death, that he had since made every inquiry in his power, from persons likely to have any knowledge of the matter, with the view of ascertaining the disposition of that sum of money. He held in his hand the particulars respecting the notes handed to Mr. Sadleir on that day, from which it appeared that the amount paid to him was £1384, and it was made up of Bank of England notes for £1000, £300, £50, £20, and £10, and the rest in cash. He (Mr. Manning) had inquired at the Bank of England last night, and found that none of those notes had then been presented for payment. The Court would recollect that the evidence of Mr. Wilkinson, at their last sitting, was to the effect that he knew of no other deed that had been forged by the deceased, except the one given to him (Mr. Wilkinson), and that several deeds had passed through his hands from time to time, which had been given by the deceased as securities for money advanced to him, which he had no reason to believe were otherwise than genuine. Mr. Wilkinson added. that he believed the statements made by the deceased about himself (the deceased), in the letters written shortly before his death, were much exaggerated. He (Mr. Manning) might also state that, since the last sitting of the Court, an investigation had taken place into the securities held by the London and County Bank, for the debt of the deceased to that establishment, and the result, up to a certain point, was shown in a letter he would read, which had been addressed by Messrs. Freshfield, the solicitors, to Messrs. Hoghton, Laming, and Nichol, the new directors of the London and County Bank:—

"New Bank Buildings, London, March 4.

"Gentlemen,—In compliance with the wish expressed by you, we beg to assure you, that in the investigation of the securities, held by the London and County Bank for the debt of the late Mr. John Sadleir, now in progress, we have not found amongst them any forged deeds; and, from the progress of our inquiries, we have the strongest conviction that the apprehensions on this ground are unfounded. We remain, gentlemen, your most obedient servants, "J. C. and H. FRESHFIELD."

The Coroner said, Mr. Manning would be aware that this was a statement which he could not receive in evidence in that shape. If any importance was to be attached to it, the parties from the bank ought to have been before the Court, in order that the jury might learn from them the nature of the investigation in question.

Mr. Manning said, he only put it in for what it was worth, to show that many of the rumours as to forgeries committed by the deceased were not founded in fact, and that he (Mr. Manning) had no other means of contradicting those rumours.

The Coroner reminded Mr. Manning that the commission of forgery, more especially with reference to Ireland, had now become matter of notoriety through the usual channels of public information.

Mr. Manning did not think that the tribunal of the coroner could venture to investigate charges of forgery; and if they were to try this case with reference to mere public reports, he apprehended there would be no end to it. He might add that, since their last meeting, he had investigated the rights of the Crown in reference to any property the deceased might have left, and in anticipation of the jury coming to the conclusion that he was a *felo de se*. The coroner, on the last occasion, had rightly said that, in ordinary cases, the right of the Crown interposed in the event of a verdict of *felo de se;* but they all knew how the Crown dealt with such cases. The Crown, first of all, respected the rights of creditors, and allowed administration to be granted to a creditor, with a view to the distribution of the property of the deceased among his creditors generally. That, however, would not be the case in the present instance. He held in his hand certain letters patent, by which Edward VI. granted to Sir Thomas Wrothe, his heirs and assigns, the manors of Northal, Downbarnes, and Hampstead, with all their appurtenances, rights, and members, in the county of Middlesex, lately parcel of the lands and possessions of the bishopric of Westminster, including, among other things, "all chattels waived, estrays, goods and chattels of felons, fugitives, persons outlawed and put in exigent, or in any any other manner whatsoever condemned or convicted, felons of themselves, and deodands." Now, that document, which he would put in, raised a very grave question, because it was clear that, under the words he had just read, the whole of the deceased's goods and chattels, and every right he possessed, except his estates of inheritance, would go to the present lord of the manor of Hampstead, within which the body of the deceased was found, in whom, by a regular course of legal devolution, the property granted by the letters patent of Edward VI. was now vested; and those rights would go, too, to the exclusion of creditors.

The Coroner asked if those rights had ever been exercised.

Mr. Manning did not know that they had or had not, but he did not apprehend that this affected the question, because there was a positive grant from the King; and if the rights granted by it had any existence, there was no doubt whatever that the present lord of the manor of Hampstead would be entitled to hold the goods of the deceased discharged from the payment of the debts of the deceased. With that observation he would leave that part of the case to the jury.

The Coroner said Mr. Manning would be aware that the jury of themselves could not decide that point, and that it would have to go elsewhere for decision.

Mr. Manning said he was aware of that, but he wished to place the whole of the facts before the jury, and to show them that the Crown could be no claimant in this case. He would only add that he did not think he could usefully occupy their time by calling further evidence. The case must now rest on the evidence which had been already adduced. But the unmeasured language in which the deceased had spoken of his own crimes appeared to him to raise a serious question as to the state of his mind at the time he committed the act of self-destruction. Some evidence had been given to show the presence of opium to some small extent in the body of the deceased at the time of the *post mortem* examination. Whatever inference might be deducible from that fact, he thought it would only be charitable to presume, when they considered the state of intense and agonizing excitement in which the deceased had been proved to be throughout the whole of the Saturday preceding his death, that he was not to be held responsible for what he did on that day, in the state of mind in which he was. That, he thought, must have been their conclusion, if this inquiry had been, instead of its present form, an issue from the Court of Chancery to try the state of mind in which the deceased had disposed of his property.

Mr. Nichol, the surgeon who performed the *post mortem* examination, was here recalled by the coroner, and stated, in reply to a question by him, that on a subsequent investigation of the contents of the stomach of the deceased, he found traces of a substance which he conceived to be opium.

Mr. Manning, resuming, submitted that the extraordinary coolness with which the deceased had acted under circumstances which would have driven any ordinary man to madness, might be attributable to his habitual indulgence in a stimulant, such as opium, which would elevate him for a time, but would afterwards leave him, when its influence had subsided, in a state of despondency. He contended that the deceased on the evening preceding his death must have at length been completely crushed and reduced to a hopeless state of depression, and that in such a state of mind he had, in a hasty and evil moment, rushed out and committed the act of suicide. Taking all the circumstances into consideration, he submitted that the jury could come to no other conclusion than that the deceased was not of sane mind when he raised the hand which deprived him of life.

The Coroner then proceeded to charge the jury. He said, there being no further evidence to be adduced, he would proceed to direct their attention to the most important points in this case, and, in doing so, he would not occupy their time by reading the depositions which had been taken in the course of the inquiry, but would confine himself to a review of the facts that had come out in evidence. He would also endeavour as much as pos-

sible to apply his mind exclusively for the time to the subject now under consideration—a matter of some difficulty, as they would believe when he told them that on the preceding day he had held no less than seven inquests, one of which was a case of suicide and another of child burning, so rapidly did the current of horrors run through the mind of a man who filled the office that he now did. The jury had given an almost unexampled degree of attention to this case, and he had no doubt that they had a perfectly clear recollection of all the facts that had been given in evidence. He had consequently no fear that they would not come to a strictly just and impartial conclusion. This investigation had been of a very distressing nature, but there was a duty imposed upon jurymen by their oaths, and from that duty he had no apprehension that the jury in this case would be disposed to swerve. The unfortunate gentleman, the cause of whose death they were now investigating, was named John Sadleir, and was a member of Parliament for the borough of Sligo, in Ireland; and they would recollect the circumstances under which his body was found on Hampstead Heath on the morning of Sunday, the 17th of last month, as related by the witness Bates. It appeared that by the side of the body of the deceased a silver cream-jug and a case of razors were found, and in his pocket a slip of paper, on which were the words in his own handwriting, "John Sadleir, 11, Gloucester Square, Hyde Park." Subsequently a careful examination of the body was made by Mr. Nichol, and it was proved, he thought, most indisputably, and nothing ever more truly, that the death of the unfortunate gentleman was caused by his taking a very large quantity of the essential oil of bitter almonds. A bottle containing some of that poison was found by his side, and labelled with the words, "Essential oil of bitter almonds," and the unfortunate man had taken so large a quantity of it that every part of his viscera was affected by the smell. Taking it, therefore, as beyond question that he died from the effects of poison, and that poison was administered by his own hand, the next step of the jury would be from death to life, and to consider what were the circumstances immediately preceding the taking the poison by the deceased. With reference to the manner in which the poison was purchased, he thought it but fair to say that Mr. Maitland, the chemist, and his assistant stood entirely acquitted of all blame, as did also the butler of the deceased. The manner of ordering the poison and the quantity ordered were quite sufficient to throw any person off his guard. It was really a most unpleasant duty to go into the other part of this inquiry. It was calculated to involve them all in a labyrinth of doubt; and he must repeat—what he had said on a previous occasion—that he most deeply deplored that they had to make any such investigation. He believed such inquiries to be utterly useless, and that they led in many cases to the most painful mistakes. He referred to the state of mind in which a person was supposed to be who had committed the act of self-destruction. At the same time, he was convinced

that the practice among jurymen of finding verdicts of insanity in criminal cases was an exceedingly pernicious one, for by that practice the worst of criminals often escaped justice, and every now and then a madman was executed. Mr. Manning had alluded to an issue from the Court of Chancery. He (the coroner) was not sorry that he had done so. What happened in such a case? There were frequently in such inquiries twenty-four intelligent jurymen, several medical practitioners of high reputation, six or eight remarkably clever counsel, and as many sharp attorneys. They sat from day to day conducting such an investigation with the utmost care and assiduity into the state of mind of a party who was before them. They had the individual present whose sanity was questioned, and by the ingenuity of counsel his brain was rasped, as it were, for the purpose of ascertaining its quality. What frequently was the result? Why, at the end of a protracted inquiry, four or five medical gentlemen believe him to be sane, and as many more think him insane, and there was a small majority of the jury on one side of the question. If that was the state of things before a Court so constituted, what was their condition who composed the coroner's tribunal, when the person who formed the subject of their anxious inquiry had passed from among them, and when they could only form their opinions from such fragments of evidence as he had left behind him? Mr. Manning had also alluded to the consequences of their verdict; but he (the coroner) was bound to tell them that they must not take the consequences of their verdict into consideration at all. The inquiry and the verdict were quite legitimate things of themselves, but consequences, whether they were great or small, narrow or wide, they must not take into account at all in coming to a decision. They must now proceed backward to the last link in the chain of life. The last person among his domestics who appeared to have seen the deceased alive was his butler, Elwin. He stated he left him at eleven o'clock at night, and that, on returning upstairs at a quarter to one o'clock, he found three letters on the hall slab, two of which were addressed to Mr. Keating, and the other to Mr. Norris. He then ascertained that Mr. Sadleir had taken his great-coat and hat from the hall and left the house. After that time they were not aware that Mr. Sadleir was seen alive by any person who knew him. The butler added that he had lived with Mr. Sadleir for eighteen months, and that his master was a man of very sober, frugal habits, and very temperate in his mode of life. He also stated that he had never known him make any attempt on his life before, that he had observed nothing peculiar in his manner during the whole period he had lived with him. About a quarter to eleven o'clock on the Saturday evening Mr. Norris left Mr. Sadleir, after having been with him about half an hour, and he stated that he noticed a redness of the eyes, as though Mr. Sadleir had been weeping. He added that when he arrived, Mr. Sadleir was walking about the room, which, he said, was a

very unusual occurrence with him, and that while he was there the deceased received a telegraphic message, in these words :—

"Forwarded from Dublin Station, and received at the Strand Station, Feb. 16, 1856.—From James Sadleir, 30, Merrion Square (South), Dublin, to John Sadleir, Esq., M.P., Reform Club, Pall Mall, London.—All right at all the branches—only a few small things refused there. If from 20,000 to 30,000 over here on Monday morning, all is safe."

Probably at that time Mr. Sadleir knew the impossibility of transmitting so large a sum, but the poison had been sent for three hours before the arrival of that message. It also appeared from Mr. Norris's evidence that he had been with Mr. Sadleir in the afternoon of that day, in the city, at Mr. Gurney's office, and that he was so impressed with the effect likely to be produced on the deceased by his reverses of fortune, that he made the remark that he should not be surprised if Mr. Sadleir shot himself. After Mr. Norris and the butler had left, the letters to Mr. Keating and Mr. Norris appeared to have been written. Those letters, therefore, contained the latest evidence they had as to the condition of Mr. Sadleir's mind. Mr. Manning said he attached but little importance to the declarations in those letters, but they were presented to the jury in the character of dying declarations. Mr. Manning had truly stated that the deceased must have been in a state of great mental depression, arising from the consideration of the losses and reverses that had befallen him. That brought them to the consideration of what was insanity. It was not depression of spirits, nor was it agony of mind. Not a single sentence had ever yet been written which gave a correct definition of insanity, and he feared there never would. It was a subject which had engaged the prolonged attention of some of the ablest thinkers that had ever lived. Many of the most eminent psychologists had over and over again stated that the whole thing was involved in mystery, in consequence of the chameleon-like character of the manifestations and causes of insanity. If insanity could be defined by the word grief, sorrow, remorse, or even despair, greatly as insanity now prevailed, it would exist then in a thousandfold greater degree. But what they had to decide with reference to the evidence was this—Did they believe that at the time Mr. Sadleir committed the act of self-destruction he was a responsible agent?—in other words, that he was in such a condition of mind as made him morally and legally responsible for his actions? It was much to be regretted that that was a subject beset with so much difficulty. He had always observed that juries in such cases were disposed to lean towards the side of mercy and humanity; but it should be borne in mind, that if mercy and humanity were to be shown towards the individual, they were equally to be regarded in reference to society at large. The Coroner then read the letters written by the deceased on the night before his death to his sister-in-law, Mrs. James Sadleir, Mr. Keating, and

Mr. Norris; and he contended, on the face of those letters themselves, that when the deceased stated in them that he could not live, his mind was not in such a state of disturbance even as to create any confusion of ideas. They were written at almost the last moment before he died, and there was nothing in them that was inconsistent with the perfect retention of reasoning and reflecting powers, and the maintenance of a correct memory. At the same time, it was impossible not to know and feel, from the very manner in which the letters were expressed, that the deceased must have been suffering the most intense agony. The very act he committed proved of itself the mental suffering that drove him to such a measure of desperation. But still, again, the question arose, was he in such a state of mind as made him responsible for his actions? That was a question which they had to answer by their verdict. In the medical examination of the bodies of suicides, the most minute and careful search was made into the state of the brain. That appeared to have been done by Mr. Nichol in this case, but no disease of the brain was found to exist. They would now take every fact into their consideration which had been given in evidence, and he was sure they would in the end come to a strictly just conclusion. If they believed Mr. Sadleir was irresponsible for his actions, and that he was driven to commit the act of self-destruction by some uncontrollable impulse, they would say that he was of unsound mind. But if, on the other hand, they believed he was of perfect memory and understanding at the time, and that he could have controlled that act if he had thought proper to do so, they could come to no other conclusion than that he had committed self-murder. If, however, they had a doubt on the subject, he would call on them to give the memory of the deceased the benefit of that doubt. But if they had no such misgiving, it was impossible they could come to any other conclusion than that it was an act of *felo de se*.

The jury then retired, and, after an interval of nearly half an hour, they returned into court, and the foreman said they were unanimously of opinion that the deceased, John Sadleir, died by his own hands when in a perfectly sane state of mind.

The Coroner said he felt, after the most deliberate and careful consideration of the whole evidence, that they could come to no other conclusion.

The proceedings then terminated.

It may be stated that late at night on the Tuesday after the deceased was found dead on Hampstead Heath, and after the Coroner had given permission for its interment, the body was removed from the workhouse at Hampstead to the house of the deceased in Gloucester Square, Hyde Park, and on the following Thursday morning, at a very early hour, interred in Highgate Cemetery, in the presence of a few of his immediate relatives and others, the burial service being performed by a Roman Catholic clergyman.

REPORT OF MR. COLEMAN,

THE ACCOUNTANT EMPLOYED TO INVESTIGATE THE POSITION OF THE LONDON AND COUNTY BANK, AFTER THE DISCOVERY OF THE SADLEIR FRAUDS.

"36, Coleman Street, August 4, 1856.

"TO THE DIRECTORS OF THE LONDON AND COUNTY JOINT-STOCK BANKING COMPANY.

"GENTLEMEN,—In accordance with your request, I have made a general investigation of the accounts of your Company, for the purpose of testing their accuracy, and as your express desire was, that I should pursue my own views in the inquiry, without reserve or restriction, I have taken advantage of such opportunity to acquaint myself with the principles of, and the leading features appertaining to, the business carried on by your Company, both as regards the head establishment in London, and the sixty-two branches in the counties of Middlesex, Essex, Kent, Surrey, Sussex, Hertfordshire, Bedfordshire, Berkshire, Cambridgeshire, and Huntingdonshire.

"To attain this information I first examined the statements up to the 30th June last, as sent from each branch. These statements not only contain the results requisite to make up the balance-sheet, but also set forth in full detail each several account, particularizing separately every bill discounted, all loans made, and the securities held against them, and exhibit very distinctly every item connected with the entire business. These statements also contain remarks by the branch manager, elucidating the several transactions in which he has engaged, thus giving, as far as possible, a concise detail of the whole business operations.

"In addition to these statements, I have, where I have found it necessary, referred to the reports of the bank inspectors, and by these combined documents, have been enabled to arrive at a general conclusion as to the nature of the Company's business, and the mode in which it has been conducted, and also to form an opinion of the value of the business so carried on.

"The limited time which has been afforded me for this examination, and the great number of accounts (appertaining to these branches), amounting to nearly 20,000, precludes my expressing more than a general opinion; but, upon the whole, I am satisfied that the business is a sound one, that it is carried on with judgment, and is likely to continue profitable.

"In regard to the London establishment, I have checked through the whole of the balances with your auditors, and certify that the balance-sheet of 30th June is correct in figures, and exhibits the true balances of the books.

"In an inquiry of the present nature, where so many interests of importance are concerned, it would not be proper to particularize any special accounts, or to invade that confidence which is reposed in the managers of a bank; but the notoriety of the connection of your bank with the Westminster Improvement Commissioners and the late John Sadleir, require that I should specially notice those accounts.

"I have carefully examined into the debts due in connection with the Westminster Improvements. The securities, held by the bank for advances on these accounts, consist of mortgages of freehold and leasehold properties, and, from the valuations made by the gentlemen employed for this purpose, it appears that the bank may fairly expect to realize from them the amount of these advances.

"In reference to the debt due from the late John Sadleir, I may state that the original amount has been much reduced, that the realization of securities is proceeding steadily, and I see no reason to doubt that the whole will be discharged in the course of twelve months, with the exception of a sum due on mortgage, which is the subject of legal proceedings. On the validity of this it would not be proper for me to offer an opinion.

"I have examined the various securities, consisting of Consols, Exchequer Bills, East India and other Stocks, which are taken credit for in the balance-sheet of the 30th June, and, upon the whole, am satisfied that they represent the value taken on that date.

"The remaining general securities I have also looked into, and I am of opinion that they are satisfactory.

"In making these remarks, I must not be understood as expressing an opinion that each of the securities, of every description, held by the bank, is of the full value of the sums which they represent, or that all debts taken will realize the full amounts at which they are stated; but taking the entire of these matters into consideration, I believe that the amount that now stands to the credit of your reserve fund will be amply sufficient to meet all contingencies that may arise upon the eventual realization of these assets.

"These observations will naturally force upon you the necessity of considering how far it may be expedient for you to create a further reserve on your current business.

"I trust it may not be considered a departure from my strict line of duty, to direct your attention to the amount of your paid up capital, when taken in comparison with the enormous extent of your present business operations; operations, I should imagine, far exceeding the most sanguine expectations of any persons connected with your establishment, and operations likely, as far as I can see, to be still further extended. I feel strongly how important it is, that the foundation of such an establishment should be of sufficient strength and solidity to carry its full weight, and inspire

confidence in the public; and I have ventured to call to your attention the point, being satisfied that it deserves your serious consideration.

"In conclusion, I have to state that, in my opinion, the general business carried on in your various departments, with but few exceptions, is both sound and profitable; the mode in which your branch returns are made, and the supervision of your inspectors, is most effective; and, when I find that your depositors in the country exceed 6100 in number, whose deposits, after providing sufficient capital for the whole of the requirements of the sixty-two branches, leaves an amount of one million and a quarter to one million and a half of money, for profitable employment by the head establishment, I feel that confidence which you have gained forms a most important element in the soundness and general stability of your Company.

"I have to express my thanks to you, for the unrestricted manner in which you have permitted me to conduct this inquiry; and also to Mr. M'Kewan, your manager, Mr. Gray, his assistant, and Mr. Norfolk, your principal inspector, for the great assistance which they afforded me, and for the unreserved manner in which they so promptly replied to all my inquiries.—I am, gentlemen, yours faithfully,

"J. E. COLEMAN, Public Accountant."

CHAPTER VII.

THE ROYAL BRITISH BANK—ITS SUSPENSION AND GENERAL MISMANAGEMENT.

Its Organization and proposed Course of Business—The Attempt to develop the Scotch System—Parties identified with its Formation—The Non-Success of Business—The Attempts to Force the Popularity of the Establishment—Opening of Branches in various Districts—The Promoters of the Undertaking, Mr. John M'Gregor, M.P., Mr. Cameron, and Mr. Mullins—Salaries paid to Officials—The Discount Operations of the Bank—The Debts of the Directors, Manager, etc.—Issue of new Shares—Mr. Humphrey Brown's Account—Difficulties of the Bank—Loss of Capital, etc.—The Operation of the Winding-up Clause of the Charter—The Struggle to preserve Position—The Ultimate Decadence of Business—The Suspension in September, 1856—The Contest for the Estate between the Court of Chancery and the Court of Bankruptcy—And the Prosecution and Trial of the Directors.

THE affairs of the Royal British Bank, and its disastrous management, will long be remembered by those who moved in financial and trading circles at the period. The private banking interest experienced a severe blow when the suspension of Messrs. Strahan, Paul, and Bates occurred, and the joint-stock banks obtained a temporary advantage by the change of public feeling in their favour. The course pursued by the partners in that case had brought upon them the severe condemnation of the public, and their fate had, at that date, elicited little expression of sympathy; and most parties, looking to the security of their funds, were loud in their approval of the safety and responsibility attaching to the joint-stock system. True it was that the Tipperary Bank had failed, and that the exposures in relation to John Sadleir had occasioned suspicions to be directed to some quarters, but the suspension of a metropolitan joint-stock bank was an event barely contem-

plated. Prejudicial reports had been frequently circulated respecting the Royal British Bank, its management, and immediate liabilities; but these were supposed to have emanated from disappointed or dismissed officers, and not to have any special foundation in truth; and until within a few weeks of the very catastrophe, even some of the directors were hardly prepared to find themselves reduced to the desperate condition which an ultimate examination of accounts so clearly established. Of course, when the stoppage took place, and the startling disclosures which followed became slowly but distinctly revealed, the revulsion against the joint-stock system was only too apparent, and for a short period some of the best banks suffered through the caution exercised by the public, and in one instance the rumours propagated assumed such an importance, that the business of the special bank, had it not been vigilantly protected, would have been brought to a stand. But although the Royal British Bank suspended, and its destruction, through the absence of prudent conduct, entailed disgrace upon the system, it was not, from the first, viewed as an institution which commanded a high degree of public favour, or attracted any extraordinary amount of banking business, for it was based upon principles that were in this country comparatively novel, and novelty in mercantile affairs must with Englishmen, and Londoners especially, be accompanied with self-evident advantages, and, above all, with security, to become generally popular. Nevertheless, its transactions were sufficiently extensive for its failure to inflict serious loss upon a very considerable body of customers, consisting, unfortunately, of that class of persons who were the least able to bear it—small traders and private individuals of limited means; and absolute ruin upon a number of innocent shareholders, mostly in the same rank of life, who, deceived by the specious reports put forward by a doubtful body of directors, were induced to embark their capital in a concern in the

general management of which honour and honesty were apparently wholly ignored.

The project of the Royal British Bank was first launched upon the world in the year 1850, but it had previously been actively canvassed and arranged. The prospectus, it is true, came before the moneyed public unsupported by high authorities in the trade of banking, or by the names of known great capitalists. There were no men of mark, either as financiers or millionaires, upon the provisional list of directors, or amongst the original subscribers; but there were M.P.'s, one of them a great statist, who had been officially connected with the Board of Trade, and consequently carrying some weight, persons who had had some experience in the business of money dealing in another part of the kingdom, and others who, as shipowners and traders, were engaged in transactions of magnitude, and were presumed to have extensive financial operations, and consequently influence. It was not, however, upon the faith of the names by which the scheme was backed, but the principles upon which it was to be carried out, that the public were invited to take shares, or to become customers. It was boldly averred that the science of banking was unknown, or, at all events, unpractised in London—that the system which prevailed in Scotland was the only one adapted to the wants of a commercial community—and ingenious calculations were submitted, showing that a bank established in London upon the Scotch principle, affording those facilities, and that accommodation in the shape of discounts which the northern banks supplied, must necessarily realize profits which would ensure to the fortunate shareholders a rate of dividend that would exceed the liberal divisions the then existing metropolitan joint-stock banks were periodically making amongst their proprietors. To lend dignity to the new institution, and to afford security to the partners, a charter was to be obtained; and, to convey an idea of the wide range of business contem-

plated, the title of the "Royal British" was adopted. The capital, as originally proposed, was £100,000, divided into shares of £100 each, one half of which was called up, the usual intimation being given, that as the business extended, and more capital was required, a further issue of shares would take place, in the allotment of which the original proprietors would, it was announced, have the preference.

The great success which had attended the working of the principal joint-stock banks already in active operation, afforded support to the new project—and aided by the indefatigable exertions of those whom the sequel showed had important objects of their own to serve, the shares were eventually taken and paid upon, though the amount had in some degree to be manufactured, the royal charter was obtained, and business commenced. At the outset arrangements were made for an extended trade. Seeking customers amongst tradesmen of comparatively limited business, retailers and small manufacturers, as well as merchants, wholesale dealers, and large capitalists, the directors felt it necessary to have branches in various parts of the town, and besides the central establishment in Tokenhouse Yard, branch banks were at once set up in the Strand, in Lambeth, in Southwark, and afterwards to these were supplemented others in Islington, in Piccadilly, in Holborn, and in Pimlico.

The bank once fairly upon its legs, the Scotch system was put into action, and, as fast as money came into the till, it was lent out liberally, but acting upon the notion that when a liberal principle is set in motion, those who ought to benefit by it are its authors, the managers and directors thought themselves perfectly entitled to supply their own private wants as well as to attend to the demands of their customers. They had laid down a rule that no discounts should be allowed to parties who had not an open account at the bank, either in the shape of deposits or a drawing-account. And they were required to maintain at all times a balance equal to at least twenty-five per

cent. of the total amount of the advances made to them. How strictly this wholesome regulation was adhered to in reference to those who had established it, let the record of the proceedings before the Commissioners in Bankruptcy tell.

Of the original projectors, the majority of them contrived to provide comfortable and lucrative positions for themselves. First there was Mr. John M'Gregor, M.P. for Glasgow. He was appointed a director, and, in consideration of his great commercial experience and financial knowledge, was allowed to draw a salary in addition as the chairman of the board. Then there was Mr. Mullins, the solicitor, whose active and successful zeal in setting the scheme afloat was rewarded with the profitable office of legal adviser and secretary to the board. Again, there was the bank manager, Mr. Cameron. What part this gentleman took in originating the institution does not clearly appear, but he must have been potently influential in some way or other, else it were impossible to clear up the mystery why he was selected. His principal qualification for the responsible office thrust upon him, as far as the public can glean, was in the locality of his birth. The bank was to be conducted upon the Scotch principle, and Mr. Cameron was a native of Scotland, where he had filled, as far as appears to the contrary, with credit to himself, the executive legal office of Sheriff of Dingwall, in Ross-shire, but that he had had any experience in bank management, or in the conduct of large monetary dealings, to entitle him to a position so onerous and important as that to which the directors of the Royal British appointed him has never been alleged. He was made manager, with a salary of £1500 a-year to begin with, which was afterwards increased to £2000 or £2200 a-year. But liberal salaries and high professional gains did not satisfy these gentlemen. They suddenly and unexpectedly found themselves in the all but uncontrolled command of unlimited funds, and the temptation to use them for their own private

purposes was irresistible. It was necessary that everything should be done in due form, and in a business-like way; and accordingly, as soon as the bank commenced operations, drawing-accounts were opened by the manager, the chairman, the solicitor, and many of the other directors. This was, no doubt, a very proper proceeding, for it is above all things necessary that those who have the management of a bank, and who invite public confidence, should prove that they have themselves reliance in its stability by trusting their own money in its custody, but as the sequel indicates the principal object which these functionaries had in thus becoming their own customers was to facilitate discounts, or rather unsecured advances in their own favour. At first sight it would be inferred that there were practical difficulties in the working of the joint-stock system—the audit, the periodical reports, and statements of accounts, and, more than all, by the constant supervision of co-directors, some of whom, at all events, will be disposed to exercise their functions with a due regard to their responsibilities. This difficulty the inventive genius of the manager easily surmounted. He discovered that the customers of the bank who required discount accommodation were averse to that publicity of their affairs which the examination of their banking accounts by a whole board involved, and Mr. Cameron, entering fully into the spirit of this objection proposed that all such transactions should be entered in a private ledger, which should be accessible only to himself and one or two of the directors. The board adopted the proposition of their manager, and the consequence was, that he and the one or two members of the finance committee by whom the secret ledger was kept, and who were no doubt advisedly chosen, helped themselves to the contents of the till as it suited them, made advances to their friends without regard to the security, and set the first seeds of that ruin which ultimately resulted. In this way Mr. Cameron, the manager, became indebted to the bank to the

amount of £30,000, Mr. M'Gregor, £8,000, Mr. Mullins, £7000, Mr. Gwynne, another of the old directors and original projectors, £13,000, of which no account was rendered to the shareholders, and of which it is extremely problematical whether the creditors have recovered one penny. And one of the auditors, who it may be presumed was a little too prying, found it more convenient to accept an advance of £2000 than to enter into disagreeable questionings of vouchers and cheques.

But still more remarkable was the pecuniary relations between the bank and some of its other directors. Several of the original members of the board, being dissatisfied, it is to be presumed, with being kept wholly in the dark as to accounts, for the correctness of which they were required to take their share of responsibility, retired; and it became necessary to fill up the vacancies. Some difficulties were, however, experienced in this respect, as the bank had not obtained a popular repute, and the changes in the board excited distrust. During this period of transition, Mr. Esdaile became deputy-governor, and shortly afterwards, on the compulsory retirement of Mr. C. Walton, who had obtained large advances, but through whom, it is but just to say, it does not appear that the bank sustained any loss, succeeded to the high position of governor. Mr. Esdaile was not, apparently, a man of large capital, but he was energetic and persevering, and he did all he could to push the business of the establishment. The disastrous investment in the Cefn Iron Works, however, with other mismanagement, had already produced its effects, and the course of business was rapidly towards bankruptcy. Though connected early with the bank, his personal transactions were insignificant; but of his abilities as a financier there is evidence in the fact, sworn to by himself, that when the new shares were issued, he, having no funds of his own, paid for his quota by a cheque upon the bank drawn by the manager, who had not only no balance to his credit, but, to the governor's own knowledge,

a balance of several thousands to his debit. Yet, singularly enough, Mr. Esdaile, in his examination before the Commissioner, repudiated the idea that he was temporarily drawing upon the bank for his own purposes. None of the directors, however, seem to have made so much from their connection with the institution as Mr. Humphrey Brown, M.P. for Tewkesbury. Mr. Brown was solicited to join the direction in the beginning of the year 1853, when numerous secessions, arising from the causes before referred to, had weakened the board, and rendered an infusion of the M.P. element desirable. The first thing to be done was to qualify the intended director by placing him in possession of the necessary shares. To go into the market and purchase them, Mr. Brown found inconvenient, and Mr. Mullins, the solicitor and secretary, kindly stepped forward to smooth away the obstacle, and transferred to him the requisite number, taking his promissory note for the amount, which, it is almost superfluous to add, was never paid. In the same way, when it was determined to increase the qualification of directors, Mr. Brown obtained other shares from his friend Cameron, for which he gave his note for £1000, which note has, from that time to this, remained a piece of waste paper. But Mr. Humphrey Brown, being duly installed in the directorial chair, felt in duty bound to patronize with his custom the institution of which he had thus become one of the heads. Accordingly, he opened an account at the bank, paying in the magnificent sum of £18 14*s*., upon the faith of which, and on the very same day, he borrowed upon his note of hand £2000. On the 12th of March following, he obtained another loan, on the same kind of security, of £3000, and on the 2nd of May a further loan of £4000, making a total of £9000 obtained by this gentleman, without security, in three months. On the 16th of June he borrowed £7000 more, but his co-directors, thinking it time that some security should be given for these advances, a mortgage was executed

for this £7000 upon a vessel belonging to him. Upon another ship £5000 was advanced, and so he went on upon the strength of this drawing-account, begun with the £18 14*s*., and only replenished by money drawn from one bank drawer and paid into the other, until he was a debtor to the company to the amount of £70,000. Nothing can be more *naïve* than the testimony of Mr. Brown in the Court of Bankruptcy. He says, "when I joined the bank, I found the solicitor, the governor, and others making use of their power to go to the bank counter, and discount their paper;" and though he says he complained of the irregularity, he did not allow many hours to elapse before he followed the example. "But," he says, "I obtained my advances through the general manager;" and he takes credit to himself for having been the means of establishing a a rule that all advances to directors should come from that source. But after all, if Mr. Paddison (Mr. Mullins's partner and successor in the joint offices of secretary and solicitor of the board) is to be believed, and there is no reason to dispute his statement, Mr. Brown seems to have had, of all the directors, the most accurate sense of the duty he owed to the shareholders and the public. It is stated in evidence, that over and over again, after he joined the direction, he urged upon the other members of the board that their losses having brought them within the operation of the 71st clause of the Act of Parliament, which provides, that when the reserve fund is exhausted, and one-fourth of the capital gone, the concern shall be wound up, they were bound to call the shareholders, and close their doors. This he did more especially in 1855, when it was proposed to increase the capital by the issue of a new series of shares, but he was over-ruled by Mr. Esdaile the governor.

An establishment conducted with such an utter disregard of business principle, could not possibly, however excellent the system upon which it was professedly founded, possess the elements of permanence. Falsified accounts, favourable re-

ports and regular dividends, were not sufficient to keep the truth from gradually oozing that the bank was actually in a state of hopeless insolvency. The reckless advances the directors made to their friends were kept sufficiently secret by means of the private ledger; but the fact that the board had, in the hope of recovering large sums, advanced upon inadequate security, to the original lessees of the Cefn Iron Works, subsequently adopted the business, and were sinking in them the money of their customers to the amount of several thousands a-week, became patent to the world. The new shares, though puffed by all means and pressed upon the customers and the public, were not taken up. The letter of John Sadleir to his brother, published after the suicide of the former, in which that consummate swindler advised the cooking of the Tipperary Bank accounts as the accounts of certain banks in London were cooked, specially referred to the Royal British; and, where City gossips congregate, it was rumoured that those who had heavy balances at the South Sea House—for the comparatively humble establishment in Tokenhouse Yard had now given place to the extensive and handsome buildings in Threadneedle Street, which the once celebrated South Sea Company so many years occupied—or at the branches, had better reduce them. A run in consequence took place—not general, but gradual and continuous—which the suggestion in the report of June, 1856, that the apparent falling off in the amount of deposits arose from a change in the mode of making out the accounts, failed to conceal; and on the 3rd of September, 1856, the doors of the Royal British Bank finally closed; the institution, during its brief existence of six and a-half years, having exhausted the whole of the £158,000 subscribed by its unfortunate shareholders, leaving them besides some £500,000 in debt, in addition to the heavy expenses of working the commission in bankruptcy, and the costs of proceedings under the Winding-up Act and in the law courts.

In calmly reviewing the circumstances connected with the disastrous failure of the Royal British Bank, more than one question must be taken into consideration. Not only was the establishment in its incipient formation irregular, but its course of management most widely digressed from the prudent path of banking business shortly after it commenced operations. It is questioned whether, if a thorough analysis of the accounts were entered into, the transactions of the first half-year would be found to have been satisfactorily arranged; the subsequent advances to directors, and then the fatal loss and investment in the Cefn property, amply explaining the cause of the ultimate suspension. With a board of directors thus constituted, the leading members borrowers, the manager increasing his debt, the joint solicitor and secretary obtaining advances, and even one of the auditors stultifying his official position by receiving assistance at the hands of the bank, safe and cautious proceedings were not to be anticipated; but though before the failure it was anticipated that some transactions of the kind would be revealed, such extensive, if not fraudulent, mismanagement was scarcely looked for. When the suspension occurred, and when the actual facts of the case came to be disclosed, then no reservation was made of the condemnation of the board, and from Mr. J. M'Gregor, M.P., to Mr. Cochran, the only member of the direction who, although his debt was £14,000, by distant flight, escaped the perilous ordeal of an examination in bankruptcy, or a trial before a jury, each received their fair share of contumely and reproach; and admitting that some were less liable to censure than others, the conduct of the majority could not be palliated.

Of course, different opinions are entertained of the struggle that took place between the Courts of Chancery and Bankruptcy for the possession of the carcase of the moribund bank. The vultures of the law scented out the various systems of process by which the unfortunate shareholders could be

harassed, and these actions, arrests, etc., associated with the legal proceedings absolutely requisite, made "confusion worse confounded." The official manager in Chancery, and the assignees in Bankruptcy, both strenuously exerted themselves for their respective interests; but as unfortunately costs were increased, shareholders, who were also depositors, not only lost that which they had invested, as well as the money lodged in the bank, but, as a *dernier resort*, were compelled to avail themselves of the privileges of the statute as administered in Basinghall Street, to relieve themselves from the responsibility of their situation.* The trial and conviction of the whole of the parties who were arraigned (death having previously released Mr. M'Gregor, M.P., from the obloquy which attached to the bankruptcy and the trial), vindicated the majesty of the law, but did not in the least assist to reimburse the ruined shareholders, or make up 20*s.* in the pound to the unfortunate depositors. The maximum sentence was one year, and the minimum three months; and although nearly the whole of the defendants have since, through petitions, etc., escaped the full measure of punishment, the effect of the inquiry is still apparent among the financial and trading community.

* No one who has watched for the last ten or twelve years the progress of proceedings in bankruptcy, can have failed to have noticed who are the great legal luminaries of the court, viz., Lawrance and Linklater, or Linklater and Lawrance, as the case may be. Great credit attaches to Mr. Linklater for the manner in which he conducted the examination of the directors of the Royal British Bank, after their surrender; and though they were extremely protracted, they were pregnant with interesting details. When the bankruptcies became frequent, and the failures were attributed to the bank, Mr. Lawrance one day facetiously remarked, "Former bankruptcies were all through the Crimean war, they are now traceable to the Royal British Bank."

THE TRIAL OF THE DIRECTORS OF THE ROYAL BRITISH BANK.

It having been determined upon by the then Attorney-General (Sir R. Bethell) that the Directors of the Royal British Bank should be proceeded against criminally, the case, after very long preparation, became ripe for trial, and was fixed for hearing before Lord Chief Justice Campbell and a special jury, in the Court of Queen's Bench, Guildhall, City, on Saturday, February 13, 1858, and was not brought to a close till Saturday, February 27th, having occupied the court thirteen days. Subjoined is, of course, only a condensed report of the proceedings.

The following gentlemen were sworn on the jury:—Mr. John Lowe, St. Swithin's Lane, foreman; Mr. William Dimsdale Child, Finsbury Place South; Mr. Jonathan Chapman, New Broad Street; Mr. Thomas Paget Upper Thames Street; Mr. Henry William Ripley, Mincing Lane; Mr. William Nesbitt, Upper Thames Street; Mr. Augustus Toulmin, Great St. Helen's; Mr. Beaumont Hankey, Mincing Lane; Mr. Henry Augustus Bevan, John Street, America Square; James Bowyer Harman, Bucklersbury; Mr. William Medland, Brickhill Lane; and George Hamilton Jenney, Lime Street—all merchants.

The first information taken charged Humphrey Brown, Edward Esdaile, Henry Dunning Macleod, Loran de Wolfe Cochran, Richard Hartley Kennedy, William Daniel Owen, John Stapleton, and Hugh Innes Cameron with a conspiracy to defraud.

The counsel on the part of the Crown were Sir F. Thesiger, Mr. Atherton, Q.C., Mr. Serjeant Ballantine, Mr. Welsby, and Mr. Joseph Brown; Mr. Hundlestone, Q.C, Mr. Kennedy and Mr. Bell appeared for Brown; Mr. Edwin James, Q.C., and Mr. Aspland appeared for Esdaile; Mr. Lawrence for Macleod; Cochran did not appear; Mr. Serjeant Shee, Mr. D. Keane, and Mr. Jacobs appeared for Kennedy; Mr. Slade, Q.C., and Mr. Kingdon for Owen; Sir F. Kelly, Mr. Bovill, Q.C., and Mr. Coleridge for Stapleton; and Mr. Digby Seymour and Mr. Bennett for Cameron.

The first count charged a conspiracy to publish and represent to such of the shareholders as were ignorant, etc., that the bank and its affairs had been, during the half-year ended the 31st of December, 1855, and then were, in a sound and prosperous condition, producing profits divisible, etc., the defendants well knowing the contrary, etc., with intent to deceive and defraud such of the shareholders as were not aware of the true state of its affairs, and to induce them to continue to hold shares therein, and to become, or continue, customers and creditors of the bank. The count then set out the following overt acts:—

1st. Publishing a false report for the half-year to December 31, 1855, declaring a dividend of six per cent., and that new shares would be issued

at a premium. 2nd. Issuing new shares, knowing the bank to be in a failing condition. 3rd. Publishing a balance-sheet for the year, false in the amount of assets, in the provision for bad debts, and in the profit and loss account. 4th. Paying a dividend when no profits were made. 5th. Buying the bank's shares with the bank's money, to keep up the price. 6th. Publishing a circular, September 10, 1855, to the shareholders, to induce them to buy new shares, when the bank was in a failing condition. 7th. Publishing an advertisement inviting persons to open accounts, when the bank was approaching insolvency. 8th. Publishing an issue of 2000 more shares, when the bank was failing.

The second count charged a similar conspiracy against the customers and creditors of the bank, and contained seven overt acts similar to Nos. 1 to 7 in the first count.

The third count charged a similar conspiracy against the Queen's subjects generally. The overt acts were similar to those in the first count.

The fourth count charged a conspiracy to cheat and defraud such of the shareholders as were ignorant of the true state of the bank, by inducing them by false pretences to purchase and hold additional shares in the bank, the defendants knowing the bank to be in a bad and dangerous condition and approaching insolvency, and that the shares were unsafe, and might be ruinous to the holders. The overt acts were the same as Nos. 1 to 5 in the first count.

The fifth count charged a similar conspiracy against the Queen's subjects generally. The overt acts were the same as Nos. 4, 5, and 7 in the first count.

The sixth count charged a general conspiracy to cheat and defraud John Arundel, and several other persons named, of their money.

Sir F. Thesiger then opened the case as follows:—Gentlemen, in rising to discharge my duty on the part of the Crown, I cannot help expressing the great satisfaction I feel at the delay which has taken place in the trial of this important case, which has enabled the public mind to calm down to a state proper for a deliberate inquiry. While the events were recent, and the minds of the public were excited, it would have been impossible to prevent a hasty condemnation, founded upon prejudice; but now that the circumstances have passed away from the public mind, and other proceedings with respect to joint-stock banks have attracted their share of public attention, and the case of the British Bank directors is no longer a single one, you will be able to approach it with the impartiality suitable to the gravity of the case and the character of the administration of British law in an English court of justice. I will endeavour to confine myself as closely as I can to the facts and circumstances under which the Attorney-General felt it to be his duty to file the present information. Those facts, though numerous, tend to a single point; and I will endeavour

with fairness so to conduct you through them, as to facilitate your labours. The information is for a conspiracy—a charge which is sometimes regarded as of a vague character. It applies to a case where persons combine together to do an unlawful act, or who combine to do a lawful act by unlawful means. That definition will be sufficient for the present case, for it will be found that a combination of persons to injure an individual, or the public, is ground for the charge of conspiracy. The defendants were the directors of a joint-stock banking company which has obtained an unhappy notoriety, viz., the Royal British Bank. The bank was established under a charter from the Crown, on the 17th of November, 1849. It continued to carry on its business till it was closed on the 3rd of September, 1856, when proceedings in bankruptcy were awarded against the company, and its affairs are now being wound up by the Court of Chancery. Only four of the defendants—viz., Esdaile, Kennedy, Owen, and Cameron—were among the original promoters of the undertaking. A prospectus was issued by the defendants to form the company, with a capital of £500,000, liberty being reserved to increase the capital to £1,000,000. The prospectus contained a remarkable passage, viz., that the charter should contain a proviso for winding up the affairs of the bank, if it should be found at any time that the losses amounted to one-fourth of the paid-up capital. It stated that it was manifest the depositors could incur no risk, and that the shareholders knew that their loss could not exceed one-fourth of the paid-up stock, instead of their liability being, as in most banks, unlimited. The seventy-first clause of the deed provided, that if at any time the directors should find that the losses of the company had exhausted all the "reserve fund," and also one-fourth of the capital paid up, they should call a special general meeting, and submit a full statement of the affairs; and that if it should be declared by a majority of such meeting that the losses of the company had exhausted the said fund, and also one-fourth of the paid-up capital, the chairman should declare the company to be dissolved, except for the purpose of being wound up. The capital proposed was stated to be reduced to £100,000, of which only £50,000 was to be paid up; and upon that a charter was obtained, which unfortunately allowed the bank, to use the special title of "Royal British Bank." Cameron was appointed general manager, at a salary of £1250 for the first year, £1500 for the second year, and £2000 for the third to the seventh year, together with an allowance for house-rent, and an agreement for a commission on the profits of the establishment. Notwithstanding the reduction in the amount of capital, it appeared persons were slow in coming in with deposits. Some could not pay; others wished their deposits to be returned; others gave promissory notes; and so it was that, the amount of capital being deficient, the company could not open the bank in September, as intended. An earnest appeal was then made to the public, particularly to the middle

and humbler classes, pointing out to them the advantages of the bank, stating that the delay in commencing business arose from the necessary alterations to be made in the bank premises, and that the directors preferred safety to speed. Out of the deposits paid into the bank, draughts were drawn by which a sum of £7000 was paid to the solicitors, and £1100 to the directors themselves, for their services down to the time of granting the charter. The capital was thus diminished, so that in November the required capital of £50,000 was deficient by the sum of £4300. Under these circumstances, the directors made an arrangement with Cameron, the manager, by which he gave his promissory note for £4300; and having, by means of these notes and others, made up a deficiency of £7402 which then existed, the defendants, Esdaile, Kennedy, and Owen, and others, signed a certificate to the Board of Trade that the sum of £50,000 had been paid up, and thus the bank was opened on the 17th of November, 1849, with very great solemnity. At that time Mr. M'Gregor was the governor, and Mr. Alderman Kennedy the deputy-governor, which office he resigned in January, 1850, but he returned in 1854. Owen was a director till 1854, when he went out of office till 1855, when he was re-elected, and became deputy-governor. Cameron remained general manager down to a period beyond that embraced by the information. Brown became a director in 1853, and continued so until the closing of the bank. Macleod was a barrister, and son-in-law of Cameron, and became a director in August, 1853, and continued so till the end. The defendant Cochran has left the country, and has not pleaded; so that you will not have to pronounce an opinion on his case. The defendant Stapleton joined in July, 1855, and continued down to the closing of the bank, and took a very active part in its affairs, and during the latter part he was deputy-governor. All the directors were gentlemen of great intelligence and experience, and they were intrusted with the full control and management of the bank under the deed, which prescribes their duties in the most minute manner. By the twenty-ninth clause of the charter, the directors were required to sign a declaration pledging themselves "to observe strict secrecy on the subject of all transactions of the company with their customers, and the state of accounts with individuals, and in all matters relating thereto;" and it was provided, "that every such director should, by such declaration, pledge himself not to reveal or make known in any way whatsoever any of the matters or affairs which might come to his knowledge as a director of the company, except when officially required so to do by the court of directors for the time being, or by any general or extraordinary meeting of the company, or by a court of law." By the thirty-sixth clause it was provided, "that the court of directors should cause all necessary and proper books of accounts to be provided and kept," in which "true, fair, and explicit entries should be made of all receipts, payments, transactions,

and dealings" of the company, and of "all profits arising therefrom," etc.; that once, at least, in every month, they should settle and adjust and balance the said books, and publish as the court should direct "a full, true, and explicit statement and balance-sheet, exhibiting the assets and liabilities of the company, and the amount and nature of the capital and property thereof, and the then fair estimated value thereof, and the amount of the company's negotiable obligations then in circulation, and the profits and losses of the company, and all other matters and things requisite for fully, truly, and explicitly manifesting the actual state and position of the affairs thereof." By the forty-seventh clause, at every general meeting the directors were "to exhibit a true and accurate balance-sheet and report of the profits and accumulations of the joint stock, or capital, from the time of the commencement of the business of the company, or the end of the period included in the last preceding report," etc. By the sixtieth clause, the directors were half-yearly to declare a dividend "out of the clear profits of the company then actually accrued and reduced into possession." By the sixty-third clause, "the net profits, after making deduction and allowance for bad and doubtful debts, should, after setting apart such proportion of such profits as the directors should think requisite for forming and maintaining the said surplus fund, be divided among the proprietors," etc. By the seventy-first clause, it was provided that if at any time the directors should find that the losses of the company had exhausted the surplus fund, and also one-fourth part of the paid-up capital, they should call a special general meeting of the proprietors, and submit to them a full statement of the affairs of the company; and if the majority of such meeting should resolve that the losses of the company had exhausted the said fund, and one-fourth part of the paid-up capital, the chairman should declare the company dissolved, except for the purpose of being wound up. The learned counsel proceeded to observe that, with such powers for the control of their affairs, it was difficult for the governors to go astray. The board meetings were held weekly, and the "Finance Committee" met daily, and there was also a "Past-due Bills Committee," as well as other committees for special purposes. What, then, was the conduct of the directors, and how had they fulfilled their trust? The charge now made against them was, not that they engaged in large and ruinous speculations, and incurred losses which by common prudence might have been avoided, but that, having by their mismanagement brought the bank into a state of hopeless insolvency, they, by a series of frauds and misrepresentations, deceived the shareholders, and customers, and the public, and led them to believe the bank was in a sound, safe, and flourishing condition; and so induced them to continue customers and shareholders of the bank, to the utter ruin of the fortunes of many. I will, therefore (continued the learned counsel), proceed to point out to you—1st, what was the state into which the bank

was brought by mismanagement; 2ndly, I will show that the defendants were aware of its condition; and, 3rdly, I will ask you whether, with that knowledge, they did not make fraudulent misrepresentations, and do fraudulent acts, in order to conceal the true state of its affairs; and whether they have not thus brought themselves within the charge of conspiracy? First, then, what was the state of the bank? It will be found that all the hopeless debts which had been incurred, instead of being represented in their true light, as they ought to have been, were represented as assets of the company. It was the duty of the directors to see that the bills discounted should be those of solvent persons, and that loans should be advanced only on sufficient security; but it will be found that at an early period this duty was entirely disregarded. The directors themselves were allowed to have large advances on very indifferent securities. Thus M'Gregor, the governor, had an advance of £13,700, the whole of which, except about £700, was lost. Mullins, the solicitor and first secretary, had £10,000, and he died hopelessly insolvent, and not a fraction had been paid. Cochran had £10,300, and of that £7000 had been lost. The cases of Cameron and Brown were extraordinary. Cameron's debt originated in a note for £4300, which he gave to make up the deficiency in the paid-up capital. That note was discounted by the bank, and formed the first item in the account opened against him. The amount swelled to the sum of £36,000, of which £33,000 had been wholly lost. The directors were not allowed to purchase shares with the bank's money, but they discounted Cameron's notes to the extent of £10,600, to enable him to purchase shares. In February, 1855, Cameron was taken ill, and Esdaile took his place. At that time Cameron's debt amounted to £27,000. The learned counsel here minutely detailed the steps by which Cameron's debt at length reached £36,000. As security, Cameron had mortgaged to the bank property at Dingwall worth £6000, but already mortgaged for £3000; he had assigned two debts, which were denied, and certainly were not due; he had assigned another debt where none was due, and eleven policies of life assurance, of which three had lapsed, three had been sold, three had been assigned to his son-in-law, and two pledged to their full value. The case of Humphrey Brown was even more remarkable. He became a director in February, 1853, when he took some shares, for which he paid with his promissory note. He then opened an account by paying in £18 11*s.*, and on that very day he borrowed £2000 of the bank. Within three months, he had borrowed other sums of £3000 and £4000, making a total of £9000. The learned counsel here described all the steps by which Brown purchased his ships with money borrowed from the bank, and then borrowed more money from the bank on the security of the ships, which he had mortgaged to Walton, the governor. Walton had become liable to the bank for the sum of £44,000, but an arrangement was made by which Walton should

be relieved of his liability on his surrendering his security on the ships to the bank, and Brown agreeing to stand in his place for better or for worse. Brown was required to register these ships in the name of the bank; but instead of that, he mortgaged two to the Gloucester Banking Company, and sold another. By these means his debt amounted to £74,000, upon which the ultimate loss was £40,000. In 1851, the Islington Cattle Company had obtained advances, and a bill for £8600 was accepted by one Harrison and other directors. Harrison was the only solvent person, but he went to France, and the company authorized a person named De Tape to sue him. De Tape opened an account with the bank, and obtained £10,000, but, having failed in his suit, he died, and his estate could not pay. The bill for £8600 however, was retained by the bank, and though it was worthless, it regularly figured among the "assets" of the bank until its close, as did also De Tape's debt of £1143. The same course was pursued in reference to the debt of Oliver, of Liverpool. The learned counsel then gave the history of the advances on the Welsh mines, by which a loss of £120,000 had accrued to the bank in September, 1856. Of the £112,847, the amount of bills held by the bank at the end of the year 1855, £26,501 were bad, £67,372 were doubtful, and only £18,974 were good. The bank had begun business with a capital of only £25,000; it had made no profit, but had lost more than £100,000 in the Welsh mines, and from £80,000 to £90,000 in bad or doubtful bills, and yet the directors declared dividends of four, five, and six per cent. till the very last. The next question, then, you will have to consider will be, whether the state of things into which they had brought the bank at the end of 1855 was known to the defendants. They attended the meetings of the Board, of the Finance Committee, and of the Past-due Bills Committee. The learned counsel here referred to a letter written by Esdaile, wherein he stated that bills of "men of straw" had been discounted by the bank, and to an action brought against the bank by a person named Clarke; though the action was without foundation, the company, to prevent exposure, compromised it by paying the sum of £2000, and £267 for costs. Mr. Walton, the governor, had become indebted to the bank in £60,000, and, being refused further assistance, he, on the 11th of January, wrote such a letter to them that it was difficult to exonerate the defendants. It was addressed to Mr. Cameron, and was marked "Private," and was as follows:—

"I was much surprised to hear from my son that you refused to discount any more bills for us. I beg to tell you plainly that it is absolutely necessary that you should continue to discount such bills as we receive from persons who owe us money, not only to prevent us stopping payment, but for the safety of the bank itself, which must fall if the governor and two of the directors fail, with whom will also stop six or seven other persons connected with the bank. You are not acting the part of a prudent

man of business in thus stopping us in our energetic course of gradually liquidating and withdrawing the bills from the bank," etc.

The learned counsel then reviewed the history of the bank from the 16th of January, 1855, when it was resolved that an account should be drawn up of its assets, down to the 27th of March, 1855, when Brown called the attention of the board to the fact that they had incurred losses to the extent of one-quarter of their paid-up capital, and told them it was their duty to call a meeting of the shareholders, and that if they carried on the bank any longer, it would be on their personal responsibility. At that time Brown's debt was £77,000, but he was not satisfied, and felt that he had got the directors in his power. Alderman Kennedy was present at that meeting. It would be said he attended very little, being at the time sheriff for London; but that plea would not avail, for by a memorandum dated the 15th of May, 1855, which Alderman Kennedy gave to Cameron, it would appear he knew well the state of affairs. (The learned counsel here read a letter written by Macleod to Cameron on the 2nd of October, 1855, in which he stated that their balance in the Bank of England had been reduced from £57,000 to £25,000; that the 4th was upon them, and that though they might make up £25,000, that was their "last shot.") Stapleton became a director on the 31st of July, 1855, but he was not active till October. He was a gentleman of station, a barrister, and M.P.; and when he became a director he could not have been aware of the condition of the bank. I don't complain of him that he brought the bank into that condition, but that, having become acquainted with the state of its affairs, he gave the authority of his name and station to assist in deceiving the public. He was a member of the Finance Committee, before whom the past-due bills-book was brought, and he was present when Oliver's estate was reported as having paid 3*s.* 6*d.* in the pound, when the estate of Mullins was reported insolvent, and Brown's account was reported as insufficiently secured. The resolution to realize Brown's securities was drawn up by Stapleton. I now proceed to the all-important and most painful part of the inquiry, viz., that which relates to the false representations made from time to time by the directors. Though the bank had never been from the beginning in a sound state, and had made no profit, the directors declared dividends out of capital, or rather out of the deposits. In 1855 they issued new shares, and published advertisements to induce people to become purchasers. A person named Marcus, who wished to purchase some shares, was induced by Esdaile's description of the flourishing condition of the bank, in Kennedy's presence, to pay £1000 for twenty of the new shares. In a similar manner a gentleman named William Nicol was induced by Kennedy to purchase some new shares at par on the 10th of September, 1855. Brunton, a poor man, removed all his money from a savings-bank, and purchased shares on the assurance that the British

was as safe as the Bank of England, and lost all as a necessary consequence. On the 10th of September, 1855, a circular was published, offering the new shares at £5 premium; but when a tradesman named Cantrill applied, and was unwilling to pay a premium, he was informed, by the authority of Macleod, that he could have some at par, and twenty-eight old shares, which were in the bank, were sold to him under the pretence that they were the property of a deceased shareholder. The general meeting on the 1st of February, 1856, was now approaching. Brown had given the directors a second warning by a letter on the 22nd of December, 1855. One director, Valiant, had retired, rather than face the meeting. Esdaile became alarmed, and, on the 15th of May, 1856, he wrote a letter to Owen, the deputy-governor, in which he said:—

"If you or the general manager cannot satisfy me by personal assurances from each of my co-directors, that they will support me with their presence and countenance, on our orthcoming annual meeting, I shall abstain from entering the court-room again; and in that case you will, if you please, officially place the accompanying notice of my resignation in the hands of the general manager. Our highest policy is to present a solid front to the public; our weakest conduct is to dangle a rope of sand before them."

The postcript ran thus:—

"We want courage and coolness, and with God's blessing our difficulties will be surmounted."

Sir F. THESIGER then referred to the balance-sheet laid before the general meeting on the 1st of February, 1856. The balance-sheet was laid before the directors by Cameron, and with it an explanatory tabular statement. In the "assets" was this item:—"By loans on convertible securities for short periods, advances on cash credit accounts, bills discounted, etc., £986,272 11*s.* 1*d.*" The tabular statement was the interpreter of that account, and it showed that all the debts of the bank, good, bad, and indifferent, went to swell up the amount of "assets." There was the debt of the Islington Cattle Company, £8600; and De Tape's debt, £1193 4*s.* 4*d.* There was the "suspense account," which was the receptacle of all items which it was desirable to conceal—such as purchases of shares, advances on Welsh works, costs of actions, etc. There was also the "adjusting interest account," amounting to £17,769, which consisted of interest upon bad debts. There were also the past-due bills, against which, in the handwriting of the directors, there was written "bad," "hopeless," "let him be executed," etc. On the other side of the balance-sheet there was this item—"Gross balance for the year ended 31st of December, 1855, after making a provision on account of bad debts, and paying interest (£25,320 8*s.* 3*d.*) on deposits, promissory notes, and balances, £30,551 2*s.* 7*d.*" The

bad debts being, in fact, ten times the amount of the gross profits, the directors declared a dividend of 6 per cent., while, according to the charter, they could only declare a dividend out of profits accrued and in possession. At the meeting at which that balance-sheet was presented, Esdaile was in the chair, and all the other defendants were present. Cameron read the report and the balance-sheet, the shareholders following him with the reports which they had received. There was nothing to show that the bank had not the "assets" to the extent stated, in all £1,178,812 9*s.* 8*d.* The questioning was therefore mild, and the remark was made that it was rather imprudent to offer the new shares so low as at £5 premium. The evil day being thus tided over, the first thing the directors did was, to advertise in the newspapers, and to force the new shares on the public. Kennedy induced a druggist named Dakin to buy twenty shares for £1000; but Dakin, having in the meantime heard of the Welsh mines, would not accept the transfer, and insisted on the bank paying the money back, which they did. The *Joint-Stock Journal* then began to publish articles on its affairs; but the directors said the charges were false and malicious. The learned counsel here described minutely the particulars of several transactions, and the shifts to which some of the defendants, particularly Esdaile and Cameron, had resorted to keep up the credit of the bank. A clergyman named Gosset, who had purchased twenty shares, threatened that, if the directors would not take his shares back, he would convene a meeting of shareholders, and under this threat they were repurchased by Sydney Kennedy in his own name for £980, and that amount went into the "suspense account." Another clergyman, named Ruston, being dissatisfied, entered into a contract for the sale of his shares; but, unfortunately, in the meantime he went to the bank and saw Esdaile, and the result was that he went back and paid £10 to be off the bargain, kept his shares, and was ruined. Thus the bank struggled on, till at last the evil day overtook them, and on the 3rd of September, 1856, the doors were closed, and bankruptcy and the Court of Chancery fell upon them. It was then found that their liabilities were £700,000, and assets only £300,000, leaving a deficiency of £400,000. The learned gentleman concluded an address of nearly five hours in these words:—Gentlemen, you can now appreciate the truth of the balance-sheet presented on the 1st of February, 1856, in which the defendants represented their affairs to be in a most flourishing condition. Wide-spread ruin has been scattered over the whole of the country, houses have been brought to destruction, families have been plunged from affluence into poverty, the hard earnings of industry, collected by long labour, have been entirely lost, and every one who has had connection with this bank has had to rue the day in which he trusted to the assumed fidelity and truthfulness of its directors. In conclusion, I must beg of you to keep the leading marks of the case steadily in view; and then to ask yourselves, 1st,

What was the condition of the bank? 2nd, Could the defendants have been ignorant of it? And, 3rdly, Had not the defendants, by false, fraudulent, and deceitful acts and contrivances, induced the public and the shareholders to believe that the institution was solvent, when in fact it was not so?

Mr. Paddison, the secretary and solicitor to the bank, was the first witness called, and his examination occupied several days.

A printed report was put in, which had been drawn up by Cameron on the 29th of October, 1849, and laid before the directors. It was entitled, "The Supplemental Report to the Court of Directors of the Bank on the Organization of the Establishment, the respective Duties of its Members and *Employés*, and their Remuneration," etc. This document, which was of very great length, was read throughout. It began with the observation that "All good government depends on good laws well administered." It then went on to say, that "it has been said that a bad law well executed is better than a good law ill. However this may be, it is certain that the best principles are of little avail unless they are practically, intelligently, and faithfully acted on." It then proceeded to expound the principles on which the Royal British Bank had been founded, and briefly to review its progress from its first conception. It stated that the Royal British Bank was founded on what was called "the Scottish system;" but it observed that that was hardly a correct definition, for there never had been in Scotland, nor anywhere else, a bank embracing all the objects, or working with the same methods as were intended by the Royal British. Having described the original idea of the bank, the report said it had no better title to be reckoned Scottish than that the party propounding it was a Scotchman; and that the propounder of it knew nothing theoretically or practically of the subject he ventured to handle. The idea was to get up an "Exchange Bank," working also cash credits. These notions, however, gave place to others of apparently a higher character, viz., the formation of a bank which should afford assistance not only to the magnates of the metropolis, but to the merchants and manufacturers of Liverpool, Bristol, Manchester, etc.; and at the same time to fence its proprietary with limited responsibility. But the report said it was early suggested "that the lowest sum allowed by law should be taken for a commencement, if power for its gradual increase would be conceded by Government." £500,000 was adopted as the least sum that should be named; but experience soon confirmed the belief that this sum could not be obtained in the ordinary way, "nor until the public confidence was won by the exposition of principles and objects calculated to benefit the masses of the people rather than to make gain for a small body of proprietary; and by the sober, steady, and honest working out of those principles, testing the tree by its fruit." Twenty years' experience of banking in Scotland, and four or five years of

varied business in London, had proved that "an establishment taking a middle place between the savings and ordinary banks, which could hold out a hand to the supporters of each—the right, probably, to the humble, and the left to the great—was a desideratum in the metropolis." The report then asked, "What should be its principles? This was the fundamental problem!" It observed that the "real object" of all the existing banks, both private and joint-stock, was to "make gains for their promoters and shareholders." The savings-banks were devised by a Scottish clergyman for the benefit of the poor, but, though the Government allowed them a higher rate of interest than the joint-stock banks did, it was found that the security was fallacious, and for the prudence or honesty of the management there was no security whatever, for the noble names of trustees and managers were little better than "decoy ducks." To meet the defects thus pointed out the Royal British Bank was established. Its principles and practice were, it said, not to be found in any existing bank. They were neither exclusively Scotch, nor English, nor confined to any one of the four classes of banks—public, private, exchange, or savings-banks. The leading idea of the bank was to make the surpluses of the humble and middle classes active, instead of passive; so that in no long time they might help even the merchant princes, as well as the humblest shopkeeper. The views of the report were first reduced to writing in the memorial addressed to Government for the privilege of gradually increasing the capital from £100,000 to £2,000,000; and the concession of that privilege was the distinguishing feature of the legal constitution of the bank. Such being the "moral constitution" of the bank, it stood alone, and ought to succeed; and if the public voice, as expressed in the press, and by applications with a view to business, could be taken as *criteria*, it would do so. The report then proceeded at great length to explain what would be the practice of the bank, and to lay down the duties and remuneration of its various officers.

Mr. Richard Paddison was then examined by Mr. ATHERTON. He said that before the year 1848 he was in partnership with the late Mr. Mullins, till his death on the 11th of December, 1853. Mr. Mullins was solicitor to the British Bank at its formation; and afterwards the firm acted as solicitors and secretaries to the bank. He (witness) from time to time attended, and took minutes. In March, 1849, a memorial was presented to the Board of Trade, praying for a charter. Witness then produced the deed, dated the 2nd of July, 1849, and the charter, dated the 17th of September, 1849.

Mr. Gatherer, the share registrar of the bank, was here called to prove that the four defendants, Esdaile, Kennedy, Owen, and Cameron, executed the deed before the date of the charter, but he said he could not do so, though he saw signatures on the deed in 1849, about November.

Mr. Paddison produced the petition for the charter, signed, among others, by Kennedy, Owen, Cameron, etc., and stated that a supplemental charter, dated the 23rd of February, 1855, was granted. A supplemental deed was also prepared and executed on the 12th of June, 1855. At the time the charter was granted, Esdaile, Kennedy, and Owen were acting as directors, and Cameron as general manager. Esdaile continued to act down to the close of the bank. Kennedy went out in January, 1850, and returned in November, 1854, and continued till the end. Owen went out in 1854, returned in February, 1855, and continued till the 20th February, 1856. Cameron continued as general manager till the 22nd of July, 1856. Macleod became a director in August, 1853, and remained till the end. Stapleton became a director on the 31st of July, 1855, and continued to the end. The certificate to the Board of Trade, dated the 16th of November, 1849, was put in, signed by Esdaile, Kennedy, Owen, and others. It stated that all the shares had been subscribed for, that the deed had been executed, and that half of the subscribed capital had been paid up. The acknowledgment from the Board of Trade was also read. From that time they carried on business as bankers till they closed in September, 1856. The bank was in Tokenhouse Yard, but afterwards they established branch offices. The Strand and Lambeth were the earliest, then Islington; there were six in all; the last was the Holborn, at the end of 1855, or beginning of 1856. I attended the board and took minutes. As secretary I kept minutes of the court, and carried out some of the orders, and conducted the correspondence. The officers were the general manager, the accountant, cashier, bill-clerk, and tellers at the counter in the public office. The accountant and cashier had assistants. There was my own office, a registrar, an assistant-secretary, and private secretary to the manager. There was also a chairman, or governor, and deputy-governor, both of whom were taken from the directors. The number of directors varied. The *minimum* number by the charter was eight. That number was generally kept up. Auditors were appointed by the shareholders twice a-year. Mr. Kennedy was the first deputy-governor. Esdaile was governor from February, 1855. Owen, also, was deputy-governor. Stapleton was deputy-governor from February, 1856, till the close. There were committees which sat, and I kept minutes. I kept no minutes of the discounts of the finance committee. A certain number of directors met every day by rotation. There were two directors for the finance committee. There was a weekly meeting of the board, which they called a court. General meetings took place half-yearly. One in February was called the yearly meeting, and the one in August the half-yearly meeting. Reports and a balance-sheet were presented at those meetings by the directors. This prospectus was issued by the bank shortly after the charter was obtained. (It was read, and contained a passage stating it was manifest the depositors could incur no risk, and that the

shareholders must see that they could incur no liability beyond one-fourth of the capital paid up, instead of their liability being, as in most banks, unlimited.) A meeting of the directors was held on the 12th of October, 1849, when Cameron made a report of the deposits in arrear, amounting to £760. Eight of the parties had signed the deed. On the 19th of October, Esdaile, Kennedy, Owen, Cameron, and others were present at a meeting of the board, when it was resolved that £500 should be given to Mr. M'Gregor, the governor, for his services in the formation of the bank, and that £600 should be divided among the directors for their services. On the 23rd of October, a resolution was passed to return the sum of £600 to the Newcastle subscribers. On the 26th there was another meeting, at which Esdaile, Owen, Kennedy, and others were present, and Cameron made a report of certain instalments due from a Mr. King. On the 16th of November, 1849, a meeting was held, when it appeared the capital stock paid on 1000 shares was £50,000, and £7402 was held in securities, and £25,300 was in the bank. Mr. Paddison then read the minutes of the board, and correspondence relating to the advances which the bank made from time to time on the Welsh mines, viz., the Cefn, Garth, and Briton Ferry Mines, in Glamorganshire, and on the Langley Heath Mines, in Staffordshire, and Shropshire. This occupied nearly eight hours. The whole of the proceedings were of the most uninteresting character, but the material point to which all the evidence tended was, that as much as £75,498 had been advanced on these mines by a banking company which had been induced to take the property into their own hands, and at last found it unsaleable.

The report of Mr. Clark, who had taken the mines for a short time, but who found it necessary to give them up, was put in and read. It stated that, though he had given them up for want of capital, he entertained a higher opinion of them than he did when he first entered upon them; that nothing but capital was wanting to make the Cefn mine one of the most prosperous in the kingdom, and produce from £10,000 to £20,000 a-year. He referred particularly to the profit which would result from the shops, "if Lord Palmerston did not put them down."

Mr. Paddison was recalled, and stated, among other things, that, in September, 1854, Cameron was instructed to visit the Welsh works, which he did, and reported thereon to the board. Mr. Thompson was then appointed manager of the works, at a salary of £1000 a-year. An application was made to Lows Patent Copper Company respecting dividends on some shares which the bank held, but nothing was realized by the bank from those shares. Several more reports and minutes were read on the state and prospects of the Welsh mines, and among the rest a memorandum, dated the 18th of January, 1855, showing that the disbursements made on account of the Welsh mines in all amounted to the sum of £84,675 10*s.* 8*d.*

Thompson's engagement as manager of the works ended on the 1st of May, 1855, when the directors resolved that Mr. Beveridge should see the defendant Brown at his private residence, and talk over the affairs of the mines in an unrestrained manner. From a letter written by Brown on the 8th of June, 1855, it appeared that he (Brown) and Monro (Cameron's private secretary) had taken the management of the works. On the 18th of September, 1855, the directors resolved that they would give notice to give up possession of the Garth mine and works on the 29th of September, 1856, which notice was accordingly given, and the fact reported to the directors. The witness also stated that, on the 28th of November, 1855, he received a letter from the solicitor of the mortgagees of some property at Liverpool, upon which the bank also had security for £5000; and that he reported to Cameron and the board that there was no hope of obtaining any part of the amount due. On the 4th of December, 1855, Esdaile made an oral report on the Welsh mines at a meeting of directors, and promised that in a few days he would do it in writing. It appeared that Mr. Beveridge had made a very full report on the Welsh mines, and also Mr. Strick of Swansea had done the same, from which it appeared that he took a very favourable view of the value of the works. He made a calculation to show that they might produce £16,347 a-year, and in a certain contingency £22,000.

Sir F. THESIGER then put in a letter written by Esdaile in reference to Strick's report. It was marked "Private," and was as follows:—

"Royal British Bank, Threadneedle Street, June 3, 1856.

"Dear Sir,—We note your observations respecting the rival qualifications of Mr. Strick's brother and Mr. Waters for the Swansea agency. We are inclined to adopt your impression as to the superior fitness of the latter party for the peculiar duties involved in the agency. But there are other considerations which seem to us, under present circumstances, to render it impolitic to disregard the application of Mr. Thomas Strick on behalf of his brother. You will readily understand the motive referred to, which seems to render it expedient that we should at present put up with Mr. Strick, jun.'s services. You are aware that our object is to rid ourselves at the first favourable opportunity of the entire concern. Mr. Thomas Strick has aided our object by certifying to the full and minute report which with so much ability you have drawn up, and which is now in Mr. Venning's hands. Mr. Strick's goodwill may still be of service to us. You will see the kind of consideration which is influencing us in therefore advising the appointment of Mr. Strick in preference, at present at all events, to Mr. Waters. If we succeed in transferring the property to other hands, the question of the fitness of the agent will no longer be of moment to us. Will you, if you please, communicate this confidentially to Mr. Stewart

that he may be in possession of our private reasons. If, however, you or he have counter-reasons to propose, favour us with them. Tell Mr. Stewart that I am in receipt of his yesterday's communication.

"I am, dear Sir, yours obediently,

"EDWARD ESDAILE."

Mr. Beveridge was then called. He said he had been appointed inspector of the Welsh works under the deed of 1851, and also manager, when the bank took the works into their own hands. He prepared reports and balance-sheets, which he submitted to the directors. They were eight in number, from January, 1852, to the end of 1855. He produced the balance-sheets, and identified five as having been sent by him to the directors, but he could not speak to the last three. There had been a loss upon the works. The total loss he estimated at £14,301, but in cross-examination he stated that some portion of this was due to outlay for improvements. The witness said he concurred in Strick's report; and it appeared from his own original draught that the witness estimated the annual produce might be made equal to £26,000.

Mr. Paddison was then examined to prove the debt owing to the bank by the Islington Cattle Company. In January, 1851, the latter company had applied to the bank for a loan of £6000; and the bank advanced the money, on the promissory note of a Mr. Harrison, and other parties connected with the latter company. The bank directors at the same time returned their thanks to the borrowers for giving the bank the preference. On the 24th of March, 1851, a further sum of £3500 was advanced on another note given by the same parties. Both these notes when due were dishonoured; but they were renewed from time to time till March, 1852, when the sum of £1000 having been paid, there was still a sum of £8600 owing, for which another note was given. A good deal of correspondence was here read, from which it appeared that the note in question had been endorsed to one De Tape, who sued Harrison in the French courts upon the note; but in the result the French court held that De Tape was not the real endorsee of the note, entitled to sue, but only the agent of the bank. Judgment was accordingly given against De Tape, who soon after died insolvent, and owing the bank £1325 7*s.* 10*d.*, towards which the bank afterwards received £504 6*s.* 2*d.* from De Tape's estate, leaving a balance due from him of £821 1*s.* 8*d.* No money was recovered on account of the £8600 note, which was returned to the bank. The witness was next examined in proof of a debt owing to the bank by Mr. John Gwynne, who died in debt to the bank to the extent of £13,416 11*s.* 6*d.* He said Gwynne was one of the original projectors of the bank in 1849. On the 6th of February, 1850, he made an application to the bank for a cash credit of £3000. The request was acceded to. Gwynne's letter was read, in

which he said, "He did not ask the advance as a favour, but as a right." He gave his promissory note for £3000 at three months, and deposited the lease of the Bush Mill Ironworks. The next year he applied for £5000 more, on the security of a bill drawn on a person named Anderson. He obtained the money, and handed the bill to the bank, but it was not paid when it became due. The bills were renewed, and some securities were deposited, but the witness believed nothing had ever been realized upon them. Gwynne died after the failure of the bank in 1856, and according to one account, the sum of £11,384 was due, and according to another, in Cameron's handwriting, the debt owing was £13,416 11*s*. Gwynne's debt had been from time to time before the directors, and a letter was read addressed to him by Esdaile, on the 28th of February, 1855, requesting to know what steps he intended to take respecting it. The witness was then examined in proof of a debt owing to the bank from Mr. Mullins, the former solicitor and secretary. It appeared that Mullins died on the 13th of December, 1853, and the fact being brought to the notice of the directors, they passed a resolution expressing their lively recollection of the zeal of that "most earnest and zealous supporter of the bank." The witness stated that there were several bills on which Mullins was liable, but there was no chance of any of them being paid. He stated that Mullins had obtained £1000 and £300 from the bank in the name of Mrs. Goodrich, and had deposited some deeds belonging to Mrs. Goodrich as a security; but that, after Mullins's death, application had been made to the bank for the deeds, upon the ground that Mullins had no authority either to borrow the money, or to deposit the deeds. The directors referred the matter to a committee, and, upon their reporting that there was no evidence at all to show that Mullins had any authority for what he had done with the deeds, the committee recommended that they should be given up. The directors adopted the report, and restored the deeds. The witness said a claim had been made on Mullins's estate, and he believed the bank would get something, but not on the personal securities. The bank had securities for £4000, but all beyond that amount was a simple contract. In reference to this part of the case—

Sir F. Thesiger put in the following letter, dated the 18th of February, 1854, and written by Esdaile to Cameron:—

"Another of our late friend's irregularities has just come to my knowledge. I was told by Mr. Greville Fletcher, secretary to the Wandle Company, that a bill drawn upon him as an official of the said company by M., for the purpose of making a payment due by the latter to the editor of the *Sun* newspaper, and discounted at our bank, has just matured, and that the ordinary notice has been served upon him. Fletcher was induced to accept the bill by the assurance that it was on behalf of the company. He has no resources to enable him to meet the bill, and had no idea that he ran risk

of compromising himself personally by acceding to M.'s request. He has requested me to lay this before you, which I promised to do, without making any observation to him on the transaction. I am at a loss to understand how such a bill could have been cashed without the initials of yourself or some member of a finance committee. Surely a grave charge lies against the head of the department in question. In the present, as in Thompson's case, the names of men of straw have been discounted, without any authority whatever."

Mr. Paddison was then examined to prove the debt owing by Humphrey Brown to the bank. He said that in February, 1853, Brown became a director. He was qualified as a director by taking a transfer of ten shares from Cameron, on the 20th of January, 1853. He gave a promissory note for the amount, but the witness could not say whether it was ever paid. Brown opened an account with the bank on the 10th of March, with a crossed check for £18 14*s*. On that very day he obtained an advance of £2000, and gave his note for it. On March the 12th, 1853, the sum of £3000 was placed to his credit, on the deposit of convertible securities. On the 4th of May a further sum of £1000 was advanced on convertible securities, and a promise to deposit deeds when required. £5000 was advanced on the deposit of the bill of sale of the "Helen Lindsay" and "Magdalena," which, on the 18th of August, 1854, had been mortgaged to Mr. Walton, the governor of the bank, for £10,000. On the 4th of September, 1854, there was a mortgage to the bank of the "Helen Lindsay," "Magdalena," and "Hero," to cover advances not exceeding £15,000. The witness prepared Brown's mortgage of the 4th of September, but he (Brown) said nothing of the previous mortgage to Walton of the 18th of August. Walton, who was governor of the bank, said I need not search the register, as he knew all about the ships. This is a deed of the 4th of September, 1854, and mortgages five Gloucester ships, the "Rory Brown," the "Young Marquis," the "Wasp," the "Madonna," and the "Bride," to the bank, to secure advances, each for £15,000. I applied to Brown to get the ships registered. This is a memorandum by which Brown, reciting that he had mortgaged the ships to the bank, undertook to have them registered in London on their return from their several voyages. During Cameron's absence from the bank in February, 1855, an arrangement was made by Esdaile, who took a prominent part in the management, by which the bank agreed to release Walton from his liability for £44,000 on his assigning the ships to the bank. On the 15th of March, 1855, indentures were executed by which Walton assigned the "Helen Lindsay," the "Magdalena," the "Hero," the "Hornet," and "Ocean Wave" to Brown, and Brown assigned the same and another vessel to the bank. It appeared that on July 1st, 1855, Brown had overdrawn his

account with the Gloucestershire Banking Company to the extent of £10,289. The five Gloucester ships had not been registered, and on the 10th of August, 1855, Brown gave the Gloucester Banking Company a mortgage on the two ships, the "Rory Brown" and the "Bride."

A letter was here put in and read, dated January 11, 1854, and written by Charles Walton, governor of the bank, to H. S. Cameron, the manager. It said *inter alia*:—

"I was much surprised to hear from my son that you refused to discount any more bills for us. I beg to tell you plainly that it is absolutely necessary that you should continue to discount such bills as we receive from persons who owe us the money, not only to prevent us stopping payment, but for the safety of the bank itself, which must fall if the governor and two of the directors fall, with whom will also stop six or seven other persons connected with the bank. You are not acting the part of a prudent man of business in thus stopping us in our energetic course of gradually liquidating and withdrawing the bills from the bank, which cannot possibly be done without us having sufficient time to realize our assets. Perhaps you are not aware that we have already paid this month between £3000 and £4000 bills held by the bank, and between this and Monday shall pay about £4000 more, thus gradually, but continually, lessening the amount of paper in the bank's hands (I do not reckon what has been done for Mr. H. Brown, as the bank hold the securities), but it must be a work of time, and cannot be done without the bank's assistance in the way of discounts. This is a positive fact, and if you will risk the safety of the bank by refusing to discount, let me know at once, when we ourselves, Mr. Brown, Mr. Cochran, and four others, must stop payment—for what? Not for any anticipated loss to the bank, but refusal of assistance to allow us time to realize. As far as we individually are concerned, our liabilities are small and means ample, but we have got to bear on our shoulders Mr. H. Brown, Mr. Cochran, and others, until we can realize their property (except the second), which you know is a dead loss to us, but none to the bank. We have to bear the whole of his losses; every one else escapes; all of which we can arrange by having the necessary discounts, etc. etc."

Mr. Paddison stated his impression that Mr. Walton's liabilities to the bank (which had been stated to amount to £44,000) only amounted to £33,211, as shown by the schedule to the mortgage deed. A letter, dated the 26th of November, 1855, and written by Cameron to Brown, was here put in and read, from which it appeared that at that date, according to Cameron's statement, Brown's debt to the bank amounted to the sum of £77,698 7*s*. 2*d*. The letter concluded thus:—

"I shall not add more now than briefly to restate the requisitions I

now urge upon you, viz., 1st, to provide immediately additional security for the bank; 2nd, to provide for the payment of the past-due bills and overdrawn balance, £38,162 15*s.* 9*d.*; and 3rd, to prepare for the liquidation in the incoming year of the advances on C.S. (convertible securities), £31,029 18*s.* 11*d.* To these different objects I beg your immediate and most earnest attention."

A minute of the directors of the 20th of November, 1855, was read, to appoint a committee on the subject of "convertible securities." The committee was appointed, and consisted of Esdaile, Stapleton, Macleod, and Cameron. When they met, on the 4th of December, Cameron read to them his letter to Brown, dated the 26th of November, above referred to. A tabular statement of Brown's debt was also produced before them.

The witness was here cross-examined as to the value of Brown's ships, and the expenditure which had been incurred upon them. Some questions were also asked as to certain alterations in pencil which had been made in the tabular statement, and a suggestion being made that Mr. Linklater had made some improper alterations,

Mr. Linklater was called, and examined by Mr. ATHERTON.—He denied that he had made any alteration. He had made certain figures in pencil on the statement in the Bankruptcy Court, when he was examining Stapleton upon it; and the paper so marked had been at the time submitted to Stapleton, and his counsel, Mr. Huddleston. The witness was cross-examined, with respect to an error in the same or some other account produced at the same time, whereby a difference of £10,000 was made in the account. The witness said it was an error which was apparent on the face of the document (in the adding up), and he was not aware of it till now.

Mr. Paddison was recalled, and stated that a meeting of the committee, on "convertible securities," was held on the 17th of December, 1855, at which Stapleton, Macleod, and Cameron, and himself were present. The following resolutions were then passed:—

"Whereas H. Brown, Esq., M.P., is indebted to the Royal British Bank in a large sum, which is secured to the bank by the mortgage of several ships, the property of the said Humphrey Brown, their freights, and assurances; and whereas it appears to this committee that the securities now held by the bank for the sum above referred to are insufficient, and that it is expedient to realize the same or the greater part thereof; and whereas the general manager has informed the committee that the said Humphrey Brown is willing to give the bank further security, namely, a mortgage over certain real property, a transfer or mortgage of certain shares, and also an assignment of a ship called 'Severn;' and whereas the committee is of opinion that it will be for the advantage of the bank and

of Mr. Brown, that the said ships shall be gradually sold:—Resolved, that the general manager instruct the broker of the bank to sell the said ships as they come to port in the United Kingdom, and to communicate to the Court of Directors any advantageous offer he may receive for the purchase of any of the said ships before their return to the United Kingdom. Also that the general manager receive, for the benefit of the bank, any sums which may be or become due for the freights or assurances of the said ships. That the solicitor prepare the deeds or other documents which may be necessary to effect such further securities as aforesaid."

By direction of the committee, the resolutions were communicated to Brown. In a letter, dated the 21st of December, written by Cameron to Brown, the former used these words:—

"You do not specially notice the resolutions of the committee directing the gradual realization of the ships as they come into port, the collection for the bank of the freights, and I presume, of course, that they are agreeable to you. I therefore shall officially instruct Messrs. Walton and Sons to carry those resolutions into effect, and which I have no doubt they will do as the bank wish, with the utmost regard to make the most of the property for your interest as well as that of the bank."

On the 22nd of December, 1855, Brown addressed a very long letter to Esdaile, governor of the bank, which was read, in which he complained bitterly of the proceedings of the committee on "convertible securities." He said—

"A resolution reaches me this evening of so very extraordinary a character, that it has determined me on writing this letter. It is no more or less than placing not only my property but my account out of my hands. Insolvency rarely goes so far as this; generally prudent creditors winding up the estate under supervision. I am, therefore, just in the position of a bankrupt. Have you ever done this with your previous friends, the originators of the Cefn debt—with M'Gregor, Mullins, M'Kenzie, Tate, Cochran, Gwynne? And yet this extreme course is pursued with a customer who not nine months since assigned securities to you to cover £34,000 of your governor's papers. . . . . The present state of the shipping interest is very peculiar; ships are very low in value, and freights are remarkably high. If so, why not realize on that which will pay—two freights will net more than the ship herself would produce just now. . . . . I am quite sure that a quiet, steady realization of the property will save £25,000. On the other hand, what is the peril? The present course will lead to one frightful to contemplate, and may involve the wreck of every one connected with the bank. We are all different in the management of this bank to ordinary ones. In the latter there are two errors—one of judgment, and a misappropriation of funds; ours is under a charter, circumscribing certain

circumstances, and if directors disregard these they become legally liable, and a question with shareholders will not be limited to tens, hundreds, thousands, or hardly tens of thousands of pounds. I have and do make use of the word 'We' as having been mixed up in those transactions, although I was no party to the creation of a loss of some of the most grievous transactions of the company. I have never had the feeling that our bank was in jeopardy from a run, looking at the nature of the accounts, and even deposits. I never feel any over-anxiety on this. I was always more afraid that some day some question would arise in some shareholder's mind as to some transactions of some kind or other, and that inquiry and canvass may lead to sufficient to ask for an investigation by shareholders. These are the breakers ahead. Now excuse my saying this—you are making these very breakers as certain as I subscribe this letter to you, etc. . . ."

Mr. Paddison went on to state that he prepared the minute of the 17th of December from a memorandum drawn up by Stapleton; and that on the 18th of December, 1855, the report of the committee was read to the Board, all the defendants being present except Kennedy. The witness stated that he had received a letter from Messrs. Buchanan and Co., of the 14th of January, 1856, saying that they had paid to Brown the freight of one of the vessels, the "Hornet," and that Brown being at the bank the same day said he (Brown) had not received the freight, and that it still remained to be received by the bank; upon which Cameron, who was present, remarked, after Brown had left, "How painful it is to find a man in Brown's position commit himself to a falsehood!"

Mr. HUDDLESTON here referred to a letter of the 13th of October, 1855, by which he said it appeared that £5000 of the freight of the "Hornet" had been paid at the bank, leaving £525 to be explained.

Mr. Lindsey Winterbotham, the public officer of the Gloucestershire Banking Company at Stroud, was examined, and said—In 1850, Brown had an account in our bank. On two occasions we had security on Brown's ships, the "Rory Brown," the "Bride," and the "Severn." The bank realized £985 on the "Rory Brown," on the 8th of October, 1856; £1715 on the "Bride," on the 2nd of May, 1857; £1021 18*s.* on the "Severn," on the 9th of February, 1856. On the 30th of December, 1854, Brown's account was overdrawn £9577.—Cross-examined: £4000 was advanced in December, 1854. I can't say the securities given in August, 1855, were given in respect to that advance. A previous security had been given on five vessels to the bank in the name of the manager (Evans), to which I objected, and the mortgage of August, 1855, was then given to trustees for the bank. Some portions of the advance, £2600, were paid into the British Bank, but I cannot say that they were in respect of the mortgage on the "Ambrosine." From the year 1855, the value of ships very much de-

creased. We also held securities on Brown's real property. There were several distinct properties. The latest estimate was, that the property was worth £17,000, irrespective of the vessels; but it realized much less. I have known Brown for twenty-five years. He had been a carrier in considerable business—a water-carrier—before he became a traffic-taker. He was also connected with the Berkeley Canal Company and the Midland Railway, and was employed in making reports for committees of the House of Commons on traffic. He was reputed to be a person of property about the years 1851-2-3. He was member for Tewkesbury, a magistrate, and twice mayor of Tewkesbury.—Re-examined: When the £2600 was paid to the British Bank, no deeds came to our bank. We have realized all Brown's securities, except a portion; but, allowing for the value of the securities not realized, there is still a balance of £5000 due to our bank. His last occupation was that of traffic-taker, excepting his silk mills. He was unsuccessful in business. Brown had been twice a bankrupt, in 1831 and 1835. Believed he paid twenty shillings in the pound to his private creditors.

Mr. Wymark, examined by Mr. BROWN, said—I am a ship-broker in Philpot Lane. I sold the "Madonna" in September, 1855, for Mr. Brown, and paid him the purchase money, £950. I also sold for him the "Young Marquis," in May, 1856, for £1706. I paid that money to Mr. Paddison for the bank (less expenses). I also sold the "Rory Brown." The witness afterwards added that he sold the "Ambrosine," on the 2nd of September, 1856, for £4000.

Mr. Ridley, examined by Mr. Serjeant BALLANTINE, said—I sold the "Hornet" on March 5, 1857, for £5625; the "Ocean Wave" on the 5th of March, 1857, for £3575; the "Helen Lindsay" on the 25th of June, 1857, for £3200. They were all sold by public auction.—Cross-examined: I sold the "Hornet" for the assignees of the bank. It was advertised as a peremptory sale, with the concurrence of the assignees and owner. I never heard the assignees had refused £10,000 for it. At the time, shipping property was much depreciated. From 1854 to 1857, the depreciation was from 35 to 40 per cent. The ships were all sold at a fair value. In 1854 the "Hornet" would be worth £12 a ton for the India trade. It was of 1206 tons old tonnage, and was then worth about £14,472. The "Helen Lindsay," in June, 1854, was sold to Brown for £14 a ton, and would require an outlay of £675 for re-metalling and other outlays to be fitted for the Australian trade. I sold the "Ambrosine" to Brown in September, 1854, for £6160, and the "Ocean Wave" for £16 a ton, which would be, on 374 tons, £6000.—Re-examined: 10 per cent. was the usual rate of depreciation of a vessel.

Mr. Charles Walton, son of the late Charles Walton, formerly governor of the British Bank, examined by Mr. ATHERTON.—He said his firm sold

the "Hero" for £3500, about the month of March, 1856. Cross-examined by Mr. JAMES: It was sold by the bank's orders, at Aberdeen. The witness agreed with Mr. Ridley that a depreciation in the value of ships had taken place to the extent of from 35 to 40 per cent. The witness here stated that all the liabilities of his late father to the British Bank had been liquidated. He was afterwards recalled, and stated that the "Magdalena," which was fully insured, had been condemned, and that the bank held the policy, but that the underwriters demurred to pay.

Mr. Paddison was recalled, and, in answer to questions from Sir F. KELLY, said, that before the month of August, 1856, it did not come to the knowledge of the directors of the British Bank that the five Gloucester ships had been mortgaged to other parties. Brown had always told the directors that they were out on voyages, and that, on their return, they should be registered for the bank.

Mr. Serjeant BALLANTINE then examined Mr. Paddison in reference to the debt owing by Mr. Oliver, of Liverpool, to the bank. The witness could not prove it.

Mr. Anderson, the bill-clerk, was then called, and produced £23,000 worth of Oliver's bills, which had been discounted by the bank. Craufurd took the bills to Liverpool, and on his return they were missed, but afterwards found. On the 13th of December, 1855, the witness produced to the directors ten bills now produced, and Oliver's discount pass-book. Cross-examined: The bills are from November 7th, 1854, to the 24th of April, 1855. The whole amount was due in the first half-year of 1855, and anything that was done after that was in part payment. Some payments were made in 1855 and 1856. There was a deed executed, by which Oliver conveyed all his estate to trustees, to pay his creditors as far as the estate would go. At the time, Oliver was reputed to be one of the largest shipowners at Liverpool. He failed for nearly £1,000,000 or more.

Mr. Craufurd, the accountant of the bank, and who succeeded Cameron as manager, was then examined, and stated that he took Oliver's bills to Liverpool to receive a dividend. He received a dividend of 2*s.* 6*d.* on £24,000, and signed a memorandum in the accountant's office. The next morning, he believed, he told Cameron that another dividend of 2*s.* or 2*s.* 6*d.* was anticipated. He also calculated how much could be recovered from the other parties to the bills, and showed the calculation to Cameron. Cross-examined: The debt was afterwards reduced from £24,000 to £13,000 at the time of the stoppage of the bank. A further dividend of 2*s.* had been received, making in all 4*s.* 6*d.* received from Oliver's estate, beside what was obtained from other parties to the bills. Cameron always said that Walton, formerly governor of the bank, was morally responsible for Oliver's bills, as all the discounts had been obtained through him. Re-examined: Walton's name was not on the bills.

Mr. Paddison recalled, and proved the amounts which had been obtained from other persons who were liable on Oliver's bills. They were all insolvent, and had paid compositions of 2*s.* 6*d.*, 4*s.*, and 4*s.* 6*d.* in the pound, and in some cases there was still a possibility of something more. Some of the parties were stated to have been in good repute for many years. The witness then read the minutes of the court in 1850, appointing a past-due bills committee, and also a minute of the 13th of February, 1855, appointing Esdaile, Macleod, and Valiant to form that committee for the year 1855.

Mr. Anderson was recalled, and, in answer to questions, said that in June, 1855, Oliver's debt was £17,000, and was reduced between that time and the stoppage, and that Cameron had always expressed an opinion that the bank would not lose by the transactions with Oliver. In November, 1855, Oliver's debt had been reduced to £14,640. Did not recollect that Brown complained of Oliver being accommodated, on the ground that he was not a customer.

Mr. Paddison recalled, and produced a letter, dated the 25th of February, 1850, from Mr. John M'Gregor, who was at that time governor of the bank, asking for an advance on the security of his promissory note. The demand was on the 26th of February brought before the Finance Committee, and agreed to. This promissory note for £1000 at three months was discounted. A further advance was made on the 26th of September, and on the 27th of November, 1851, his promissory note for £2000 at six months was discounted. A memorandum was afterwards given by Mr. M'Gregor to the bank, along with the deposit of certain securities. A list of these securities was produced and read as follows:—"Stock transfer receipts for £4677 11*s.* 6*d.*; a policy, dated August 15, 1843, for £1000, in the Law Life Assurance Society, on the life of J. M'Gregor; a policy, dated June 14, 1851, for £1000, in the Merchant's and Tradesman's Assurance Society, on the life of J. M'Gregor; 10 shares of £100 each in the Eastern Archipelago Company; certificates of 10 shares in the Clydesdale Bank, on which £130 had been paid; 5 shares in the Strand Bridge; 25 shares (£50 paid up) in the Warkworth Dock Company; 10 shares in the Royal British Bank (£50 paid up); certificates of 50 £20 shares in the Irish Beetroot Sugar Company (£2 10*s.* paid up); 50 £20 shares in the Irish Peat Company (£4 paid up); scrip certificates of 250 shares in the Chartered Australian Land and Gold Company (£1 paid up); scrip receipts for 50 paid-up shares of £50 in the Royal Australian Bank and Gold Importing Company; promissory note of August 15, 1849, by J. Menzies, for £400, payable three months after date, endorsed by J. M'Gregor and J. C. Menzies, on which £40 had been paid." The securities all remained in the bank till the failure. The bank has received nothing on them, except on the policy in the Law Life Assurance Society. The £1000 was received after Mr. M'Gregor's death—after the stoppage. A sum of £800 was also

received from Mr. M'Gregor. The other policy dropped for non-payment of premiums. The witness here gave further evidence as to Mr. M'Gregor's acceptances and their renewals. In January, 1854, the witness met Mr. M'Gregor and Mr. Cameron at the bank, when an account was produced, in the handwriting of the clerk, Craufurd, by which it appeared that the amount at that time due from Mr. M'Gregor to the bank was £7375 3*s.* 1*d.* It was examined and found correct, and signed "J. M'G." The schedule of securities was produced, and Cameron and M'Gregor had a conversation as to their value. A minute was made in the margin of the paper at the time, and their value was stated to be £5550. [Sir F. KELLY said the items had been wrongly added up; it should have been £6550.] A further memorandum of deposit was then executed, and Mr. M'Gregor undertook to transfer the stock; but he afterwards made difficulties, and a correspondence took place.

Cross-examined: In June, 1855, the balance due was from £6000 to £7000. Mr. M'Gregor retired in February, 1854. The securities came to me, on Mullins's death, in a sealed form, and were kept by me in an iron safe till the stoppage. They were always spoken of by the directors as worthless. Esdaile was taking steps to bring M'Gregor to book. He was very earnest about it, and did all in his power. M'Gregor was in good repute. He had been Secretary to the Board of Trade, and was M.P. for Glasgow. There was no doubt at that time of his responsibility. He lived in good style at Prince's Gate. He resigned his office at the Board of Trade. He gave a prestige to the bank, and was believed to be a most honourable man. Two bills had been discounted for M'Gregor, amounting to £1200, and Esdaile complained that they had been discounted surreptitiously, with Mullins's initials, without going before the Finance Committee. I have no doubt that was the case. Mullins at that time had the exclusive confidence of the bank. I was acquitted of any complicity in the Goodrich's affair. On the 6th of February, 1855, a resolution was passed by the court of directors that in future no bills should be passed for discount otherwise than in due course by the Finance Committee, and that no director should pass his own bills. When the bills in question were discounted, M'Gregor was himself governor. It was suggested to the witness that at that time directors' bills did not go before the Finance Committee. He said he could not speak as to that, but he knew one instance, viz., where Gwynne's bill for £5000 was brought before the committee. I was solicitor to the Australian Land and Gold Company. They have land in Australia, but there is no gold on it. I don't know that they paid £20,000 for the purchase. The squatters, I believe, are on the land.

Re-examined: The rest of the stock beyond the £800 was not obtained, because other parties had a claim. As to M'Gregor's means, the witness said he lived by literary labours and connection with companies. His

means were not hopeful in January, 1856. Mullins died in February, 1853; his defalcations were discovered in 1854. The resolution about the discounts was passed on the 6th of February, 1855. I had heard the directors make complaints about Mullins's misconduct. I should say all the defendants in turn were present at such meetings from February, 1854, to February, 1855. The Warkworth Dock Company got £1000.

Mr. Anderson, the bill clerk, was recalled, and proved that in June, 1855, M'Gregor's debt was £7734; in December, 1855, £7948 10*s.* 10*d.*; and in June, 1856, £7802 10*s.*—Cross-examined: £1181 18*s.* was received on the Law Life policy, and £806 14*s.* 6*d.* in stock; total, £1988 12*s.* 6*d.*

Mr. Paddison was then called and examined in proof of Cochran's debt. He said that, on the 23rd of December, 1854, Cochran obtained credit for £5000 upon four bonds, with sureties. One amounting to £2000 had been paid. In one of the others, the directors had accepted a composition of 4*s.* 6*d.* in the pound, and in another 10*s.* in the pound, from the sureties.

Mr. Barnard, the chief cashier, was here examined, and stated that, in the early part of 1854, Cochran's account was kept in the green ledger in his room. It was occasionally sent for by the directors, and Esdaile saw it from time to time.

Mr. Hugh Thomas Cameron, son of one of the defendants, was called, said—I was at one time a clerk in the British Bank. This note (in the green ledger) is in my handwriting—"Cochran may overdraw his account to the extent of £5500; credit in all, £10,500. By order of the governor, Mr. Esdaile, H. T. C. March 6, 1855." I made the entry, because Esdaile told me Cochran might overdraw his account to that amount. On a subsequent page I made this entry:—"Mr. Cochran's advance in all to be £10,700. By order of the governor, Mr. Esdaile, H. T. C." This book was before the court at different times. I cannot tell the names of the directors who were present. The sum of all the books was brought into the "money lodged and lent book," which was before the directors every day.

Mr. Craufurd said the account of Cochran's notes current and discounted to December, 1854, amounted to £20,000. On the 13th of June, 1855, the account was £11,400 15*s.* 1*d.*; and on the 31st of December, 1855, it was £9503 3*s.* 5*d.*—Cross-examined: I cannot say that there is one word in the green ledger in Cameron's handwriting. Cochran's bills altogether might amount to £600,000.

Mr. Anderson was recalled, and said that Cochran had £20,000 worth of bills running at a time. He had a discount at the Bank of England. They were principally commercial bills.

Mr. Paddison was next examined with respect to Rowland Hill Blacker's debt. He stated that Blacker kept a shop on Ludgate Hill, in the silk trade. On the 10th of April, 1855, he obtained a discount account to the

extent of £4000, and deposited a policy in the Guarantee Society for £12,000. It was extended to £5000 on the 15th of August. On the 18th of December, 1855, Cameron reported to the directors that, from what he had heard from Blacker's wife, the dishonoured bills would not be paid. Blacker had absconded. The sum of from £3000 to £4000 was named to the board as deficient. Forrester, the detective, was employed. I was instructed to look into his security. I examined the policy, which the bank had taken without reference to me, and I found the policy was not available as a security to the bank for bills of this kind. Blacker was made a bankrupt on the 21st of December, 1855. On the 26th of December, it was reported to the directors that Blacker had gone abroad, and that his wife held out hopes of his getting some money through a court at Florence. I told the directors they could recover nothing on the policy. They also held the lease of the house on Ludgate Hill. It had been valued, on the 15th of December, 1854, at £300, but it was sold for less. On the 8th of January, 1856, the directors ordered Forrester's bill of £9 10*s.* for making inquiries after Blacker, "charged with defrauding the bank," to be paid. On the 13th of May, 1856, a solicitor attended the court, and made an explanation of Blacker's affairs. His estate produced 4*s.* 6*d.* in the pound, and I don't think the bank got any further return.—Cross-examined: In February, 1856, it was not known what dividend would be paid.

Mr. Craufurd was recalled, and said—Blacker's account commenced on the 9th of April, 1855, and consisted chiefly of small bills of £30 and £40. The bills were well paid. He did from £400 to £500 a-month. In the month of August, 1855, only two bills were irregular. In December, 1855, I discovered that he had placed fictitious bills. His was an exceedingly good account till then. The surprise and discovery came within three or four days of one another. I was aware of the deposits of the guarantee policy and lease. [The policy was here put in. It guaranteed the assured against trade losses.] In December, 1855, the bank held ninety-two bills of Blacker's, and every one was fictitious. His past-due bills were £1146 13*s.*, when the discovery was made; the others were running. The ninety-two bills bear Blacker's signature, and they were discounted for him by the British Bank. The total was £4206 12*s.* He also had a cash credit account.—Cross examined: I ascertained the loss on the 24th of March. In December, 1855, £1098 was found out.

Mr. Barnard, recalled, said—In December 1855, I was called into Cameron's room to examine some of these bills, and give my opinion. My impression was, that the acceptances were, many of them, in the same hand, and I mentioned that to Cameron. Cameron directed that Monro should write to learn about the acceptances. He did so, and it turned out that no such parties could be found or heard of as acceptors. That was about the end of 1855. After that, in about a week, at the end of December, I was

called into the board-room. The bills were then spoken of by the directors as fictitious bills. I do not know who, or how many, were there. Blacker owed £400 on a cash credit account.—Cross-examined: We had confidence in Blacker before, but this we could hardly realize. The green ledger was almost always in my room. It was a collection of the accounts to which it was necessary to refer often, and was made to avoid taking the books from the ledger clerks. The green ledger was not in Cameron's handwriting. As Blacker's bills became due, they were put into the "past-due bill-book."

The next proof proceeded with was Cameron's debt to the bank.

Mr. Paddison was then examined with reference to Cameron's debt—He said Cameron was taken ill in 1855, and was absent during his illness. Esdaile took his place mainly in the management of the bank, in consultation with other directors, Kennedy, Spens, Owen, Valiant, and Macleod. They appeared to be in the manager's room, as well as in the board-room. On the 13th of February, 1855, a court was held, and a committee was appointed to examine into the books and affairs of the bank; and the rotation was settled on the finance committee, and past-due bills committee. The latter consisted of Esdaile, Macleod, and Valiant. In February or March, 1855, the directors told me to tell Cameron they wished an explanation from him as to some shares, and I delivered the message. He said he must have Monro's assistance, and I mentioned that to the board. Esdaile said he would write to Cameron. [A long correspondence was here read between Esdaile and Cameron on the subject of shares held by the latter, in the course of which Cameron expressed himself a great loser by his connection with the bank, etc.] At the end of the year 1855, Cameron went to Scotland. Before he went, he gave me some papers, and wished me to prepare a security on some property of his at Dingwall. I was puzzled with the papers. Cameron said it was very simple, and he would lend me a book on Scotch conveyancing. (Laughter.) Monro found a book, and I commenced. I prepared a draft, and submitted it to him, on his return. He is a Scotch lawyer. I was not spoken to by the directors about the security till March, 1856. [Some more correspondence was here read.] In March, 1856, Esdaile and Stapleton had an interview with me as to Cameron's proposed security. I told them he had long before told me to prepare a security for not exceeding £15,000. I told them of the difficulty, and that I could not get over it. I was again spoken to in May, and asked how matters stood, and I said I must have authority to employ a Scotch conveyancer. Early in June, I chose a Mr. Greig. In July, I explained to Esdaile and Stapleton the nature of the securities given by Cameron in 1849 for the credit of £3000, and I said that from their nature they were no securities at all. They were three policies. Up to that time there was no security for Cameron's debt except those three policies, for

£3000. I did not know of any debt he owed to the bank except the £3000, and what I might infer from the proposed security (not exceeding £15,000). After February, 1855, I was always requested to retire from the board, which I did. I wish to call attention to that fact, as affecting my own character and the position in which I stood. That was in Cameron's absence. It occurred once in Cameron's presence, and he objected, and said there was no necessity for me to leave. I left the books behind, and was glad to get away. I remember being at a meeting, at the latter part of June, 1856, when Esdaile, Stapleton, and Cameron were present, at the South Sea House. I remember Stapleton, in a most determined manner, questioned Cameron about his account. He asked what he had done with the sum of £3000 or £3500. Had he sent it abroad, or had he invested it in any way for himself? Cameron refused to answer. Stapleton insisted on having an answer. Cameron still did not answer. He said to me, in an under tone, "What shall I do?" He (Cameron) seemed agitated and distressed. I said, "Think before you speak, and, if you cannot collect your thoughts, don't speak at all." On the 3rd of July, I applied to Cameron for the particulars of his title to the Dingwall property, the abstract, and Cameron incidentally mentioned that it was mortgaged already for £3000, of which I was not aware before. I mentioned that to Esdaile and Stapleton, and they said they were aware of it. [A memorandum in Stapleton's handwriting of Cameron's account, amounting to £24,903, was here referred to, and there was also a correspondence read respecting some shares in the bank which Cameron held.] The witness proceeded to state that a mortgage was executed by Cameron of the property at Dingwall, and also that as many as eleven life policies and some debts were assigned to the bank. The property at Dingwall was valued at £10,000, and instructions were given to realize it.

Mr. Anderson, the bill-clerk, was then recalled, and said—When I entered the office, in April, 1853, I found promissory notes of Cameron's to the amount of £9600. They at that time stood to Cameron's debit, in his discount account, in the discount ledger. I entered the particulars of the notes at the end of my diary. They were continued on as current obligations from one six months to another. The same entry was made yearly, till the end of the bank. There were also two bills drawn by Cameron on Finlayson—one dated the 28th of October, 1852, at "five days after demand;" and the other for £1500, dated the 7th of February, 1853, "payable six months after demand." They all formed part of Cameron's discount account. Those bills were continued down to the close of the bank. Interest was charged upon them, at five per cent. on each continuance. There was also a joint note by Cameron and Owen, for £446 9*s.* 3*d.*, dated the 19th of October, 1852, payable six months after date. That also was continued current down to the close of the bank.

There was another note for £198 4*s.* 4*d.*, which was also continued, of which £100 5*s.* 3*d.* remained unpaid. None of these went into the "past-due bills" book. There was also a note of the 18th of July, 1853, for £1000, payable "three months after demand." In October, that was placed to the debit of Cameron's discount account, and to the credit of his drawing account. The total was £10,600. At the beginning of 1854, Monro commenced with the discount account. The "green ledger" was begun in the beginning of 1854. There were three accounts of Cameron's in that book—the discount account, the drawing account, and the cash credit. All the notes and bills appeared in the new discount account. While Cameron was away ill, Craufurd got these bills and notes from me, for the purpose of their being compared with the diary. He returned them the same day. On the 26th of June, 1855, I received a note for £1000 from Craufurd, and he said I was to debit it to Cameron's discount account, and credit it to his drawing account. It was also entered in the diary, and carried on as a current obligation. In Cameron's discount account there is an entry of the discount of a promissory note for £500, dated the 3rd of August, 1854, and made by Esdaile in favour of Cameron, payable at the City Saw Mills. On the 6th of November, it was entered as a continued note; and again, on the 6th of February, 1855, on being cashed, it was entered in Cameron's discount account, and also in my diary. On the 16th of January, 1854, there is an entry of £3478 2*s.* 8*d.* advanced to Cameron on convertible securities. It so remained till the end of 1855. It was taken out after the first balance struck on the 31st of December, 1855. The bill now produced is drawn by Cameron upon the National Bank of Scotland, in favour of the Royal British Bank, for £3500 at twenty-one days' date. It was discounted, and the amount placed to the credit of Cameron's drawing account. I received the bill from Craufurd, the accountant. I had instructions from him not to present it. It was neither presented for acceptance nor for payment. It was put to the "past-due bills" account, but I was told by Craufurd to continue it in the "country bills." It remained with the country bills as a current bill till the close of the bank. It remained to the debit of Cameron in his discount account, in the green ledger, till the close. On the 31st of December, 1854, the sum of £15,396 14*s.* 6*d.* stood to the debit of Cameron in his discount account. Of this amount, the sum of £10,600 was due upon his promissory notes. The witness not being able to speak of his own knowledge how the amount was made up.

Mr. Craufurd was here recalled, and said that, about the time of Cameron's dismissal (May, 1856), he discovered the £3500 bill, which had escaped notice among the country bills, and added it to Cameron's discount account, making, with the £15,396 14*s.* 6*d.*, a total of £19,146 14*s.* 6*d.*

Mr. Anderson, on being recalled, said that Cameron's discount account

(with the exception of the £3500) continued the same down to the close of the bank. Nothing was received upon it.—Cross-examined: None of Cameron's bills were "initialled." They were never put in the "past-due bills" book. Esdaile became chairman in February, 1855. I remember at that time Craufurd, the accountant, got the bills from me. They were in the register of bills discounted. I kept that book, but not at the time the bills were discounted. The first note for £2000 was discounted by Alladice, but it does not appear, and I do not know by whose order. The diary was kept in my office. That book was not taken into the board-room. Esdaile's note for £500 was paid. It was continued twice. The bank got interest on it. The £10,600 was carried on in the same way. Cameron's bills were kept in the same way as all others of the same class. I do not know what the £10,600 was for. I had heard it was for shares. As to the joint note of Cameron and Owen, for £446 9*s.* 3*d.*, they were sureties for a solicitor named Walker, who went to Sydney. A policy also was deposited as security. The money was got to enable him to emigrate. Brown's promissory note for £1000 in the same month was paid for the benefit of the bank. I believe it was given by Brown to Cameron for twenty shares. In 1853, I found bills to the amount of £10,600 standing to Cameron's debit. No interest was charged on the £10,600. I understood from my predecessor that it represented original shares in the bank. Cameron confirmed that. I understood the dividend was to go against the shares. The dividends on the shares went to the profit of the bank. The balance of Cameron's drawing account, at the end of 1854, was £220 against him. His cash credit account was £3173 12*s.* 8*d.* against him. In January, 1854, he obtained £3478 12*s.* 11*d.* on the transfer of securities from the Irish Linen Company. The witness stated the account at the 31st of December, 1854, to be thus:—Discount account, £15,396 14*s.* 6*d.*; Drawing account, £207 15*s.*; cash credit, £3173 2*s.* 8*d.*; debit on convertible securities, £3478 2*s.* 11*d.*; total, £22,225 15*s.* 1*d.* On the 1st of February, 1855, while Cameron was absent from illness, Esdaile examined the share ledger. This book (handed to witness) is in the handwriting of Esdaile, and he made it during Cameron's illness. It contains an account of the original capital of 1000 shares, and all the transfers. It states that 51 shares were in Cameron's hands, value £2550. Esdaile spoke to me about Cameron's promissory notes; the notes were at that time before him. He said, "Surely these bills represent a great many more shares than stand in Cameron's name?" The notes for £10,600 would represent 212 shares. The green ledger was much before Esdaile, and he was much in the manager's room. He occupied Cameron's place, as we considered. When Cameron returned after his illness, he said, in June, 1855, "The directors are wishing me to give them back £1000 of my salary, but I must make them recoup at some future time." He gave his promissory note for £1000,

which was put to the debit of his discount account, and to the credit of his drawing account. He drew a check for £1000, which went into the profits of the bank. In 1856 I was requested by Cameron to write him a letter to that effect, which I did. [Here two letters from the witness to Cameron were read, the one dated the 25th of June, 1855; and the other dated the 22nd of July, 1856; in the latter of which the witness stated the facts, and that Cameron had not received any value for the check, nor was it passed to his credit.] The witness continued—In March, 1855, I gave Esdaile a list of Cameron's debts owing on convertible securities. It contains an item of £3478 2*s.* 11*d.*, and £115 1*s.* 2*d.* for interest at 5 per cent. I called Esdaile's attention to the account. At the end of 1855 I prepared the usual list. He (Cameron) gave me in January, 1856, a draft for £3500 on the National Bank of Scotland, but he told me not to send it down at once, without his informing me. He said, "There has been a correspondence regarding it, and though I think it will be paid, yet I wish you to retain it, till I give further instructions." The £3478 2*s.* 11*d.* stood against him on convertible securities till it was taken off by that note, and cancelled. I carried it to his debit in the green ledger, by his direction, and credited his account with that bill. It is entered in the abstract of transactions of December 31, 1855. The book (Abstract of Transactions) was taken up to the directors every day. It was made up every day. Before the draft for £3500 became due, Cameron gave me a letter of the 21st of January, 1856 (read), saying that the fund would not be ready till Whitsuntide or June, and asking witness to hold it over meanwhile. He gave me 70 certificates of shares in the bank, I think, blank transfers of shares from Macleod. The draft was not presented to the Bank of Scotland, and the shares remained in the hands of the bank, till it stopped. It (the draft) stood under the head of "country bills discounted" as part of the assets, till the end. At the end of December, 1855, Cameron's account stood thus:—Discount account, £19,146 14*s.* 6*d.*; credit of drawing account, £693 8*s.* 10*d.*; notes of the bank outstanding in favour of Cameron to debit of drawing account, paid by the bank before it stopped, £2090; cash credit debit, £3503 6*s.* 11*d.*; total, £23,896 12*s.* 7*d.* All this sum stood as assets of the bank.

Cross-examined.—Esdaile and I compared the bills with the diary on the 4th, 5th, and 6th of March, 1855. I don't know that Esdaile ever saw them before. The diary is kept by the bill-clerk; it is a calendar of bills arriving at maturity. Esdaile's note was discovered by him on March 22, 1855. It was paid three weeks after. The note, I believe, was given to Cameron for some shares. I believe it was to double his (Esdaile's) qualification. There was a resolution to double the qualification of directors. Esdaile belongs to the firm of Esdaile and Co., City Saw-mills. The draft drawn by Cameron on the National Bank of Scotland went into "the

country bills discounted." Cameron's name does not appear. The daily abstract shows a large account to the credit of the British Bank in the Bank of England. In December, 1855, the cash balance was £32,334 3*s.* 9*d.* The value of British Bank shares in January, 1856, was from £48 to £50 the £50 shares. Cameron's shares were not sold, and he was still liable for calls. The sum of £176 had been received on Cameron's account for shootings in Scotland; and also a sum of £270 from a person in Scotland named Binning, in November, 1856. Both these sums would go to the credit of Cameron's debt.

Re-examined.—Cameron's name appears in the register of advances on convertible securities, and in the register of country bills. The accounts are in the green ledger. The British Bank's credit with the Bank of England consisted of checks and surplus cash; and, when required, it was obtained by discount of bills. The discounts have exceeded and also fallen short of the balances. No statement of the personal accounts of customers was laid before the board. First spoke to Stapleton about Cameron's account, after Cameron had left, in July, 1856. He expressed great surprise, and spoke with some warmth. I received seventeen shares to liquidate an account of Urquhart's.

John Finlayson said—I live in Scotland. In 1842, I went into the service of Cameron, at Dingwall, as clerk. He was a writer and agent. I remained with him till after the opening of the Royal British Bank, till 1850 or 1851. He came to London in 1849. Some years before that, he had been farming some land with a Mr. Ure. Mr. Ure got into difficulties, and Mr. Cameron had to take the farm into his own hands. I know that, to liquidate the debts, an account was opened with the National Bank of Scotland—a cash credit account. Mr. Alexander Matheson became security for £5000 for Mr. Cameron. That sum was not enough to pay off the debts. A debt existed on the farm as long as I was connected with it.—Cross-examined: For thirteen years Cameron had been Provost of Dingwall. He was in the Commission of the Peace, and Deputy-Lieutenant of two counties in Scotland. He was Chamberlain for two counties, Ross and Cromarty. He had been for thirty years Clerk of the Peace, Public Prosecutor, and Clerk to the Commissioners of Supply. He had been for many years receiver of Bishops' rents, and was in high repute as a man of integrity. He was agent of the National Bank of Scotland, at Dingwall. He had acted in large transactions in the sale of estates, and he (witness) believed he had claims for commission. He was agent in Scotland for gentlemen of large property. He had also real property of his own, which the bank had taken no steps to realize. He also had extensive sheep-walks, and a large number of sheep, about 6000. As chamberlain, he was factor of Crown rents.

Mr. Henry Empson was then examined.—He said, I am an attorney in

Moorgate Street. I was common law agent for Messrs. Paddison and Mullins. I remember the clerk, Gatherer, coming to me from the Royal British Bank. I accepted a transfer of bank shares, in May, 1854. My name was used as trustee for the bank. The same occurred again in 1855 several times. The shares had previously been purchased. Sometimes Craufurd, the accountant, and sometimes Gatherer, communicated with me. I accepted and signed transfers of shares, as trustee for the bank. I knew nothing of the transactions in the books of the bank in my name, till after the stoppage.—Cross-examined: I had no communication with Esdaile, till a day or two before the close of the bank.

Mr. Craufurd recalled, said—On the 11th of June, 1855, an account was opened in the bank books, called "private account of Henry Empson." I believe the account was opened by Cameron's directions. The witness here referred to several entries in the account. It was headed "Henry Empson's private account." The first entry was "7 shares purchased of the executors of Lady Adare, £350." The same day there was another, "40 shares purchased of W. Walker, £2000." Mr. Cameron desired me to make the purchase. The money was paid out of the bank's fund. On the 30th of June the account was balanced; it was £2350. On the 1st of November there is an entry, "30 shares, from Scott and Sons, brokers for Dixon, £1500." Empson's account is debited, "purchase money, commission, and stamps, £1511 5*s*." On the 28th of November there is "purchase of one share from Norwood, and stamps, £50 7*s*. 6*d*." The bank paid the money.—Cross-examined: I believe the suggestion originated with Cameron, but I can't recollect the time. Mr. Empson's name was given to me as the purchaser of the shares. I asked, "Am I to charge them to an account in his name?" and he said, "Yes." The account began on the 11th of June, 1855. I was aware Empson held shares in trust for the bank, for Cameron told me so. I had intimated to Cameron that the shares in which the bank was interested should be held in the name of a trustee. He (Cameron) mentioned some one in the house. I objected, as he was a servant of the bank, and suggested Mr. Empson. He said that would do. I did not say the directers knew nothing of the originating of it; but I say now that I do not think they did.—Re-examined: The directors could not fail to know the existence of the account afterwards. Empson was agent for Messrs. Paddison and Mullins. I have seen him in the board-room repeatedly.

Mr. Craufurd was then examined as to the various books kept at the bank. He said—I was appointed accountant in February, 1853, and continued till July or August, 1856. The directors attended court meetings weekly, and finance committees sat daily. They sat according to a *rota*. There was also a committee which sat once a-week on past-due bills and past-due loans. Various books kept in the bank were laid before these

committees from time to time. The books sent in to the finance committee, who sat daily, were:—1, the daily abstract; 2, the book containing the applications for loans went in on certain days; 3, the money lodged and lent book went up to the committee from the first day till the end; 4, the book containing the names of bills for discount. The books sent in to the past-due bills committee were—1, the past-due bills book; and, 2, a book called "The Solicitor's Instruction Book." The books laid before the finance committee were not laid before the past-due bills committee. The books sent in to the board at their weekly meetings were—1, the daily abstract; 2, the money lodged and lent book; 3, the register of new accounts opened; 4, the Bank of England pass-book; and, 5, the general ledger balance book. I can't speak with certainty as to the "past-due bills book." The "daily abstract" shows the sums received and paid over the bank's counter. It shows the sums of money, and the particular accounts to which those sums were applicable. The "money lodged and lent book" shows the balance in the Bank of England and in the house, what bills had been discounted, what bills were about to fall due, and what payments were to be made, the amount of bills continued with security, the amount advanced on cash credit account, the amount of customers' money lent by the bank, and the excess of advances on account. I have seen the manager reading from the "money lodged and lent book" to the directors. The "bills for discount book" shows the bills brought for discount. The "general ledger balance book" went up to the board as it sat, till the bank left Tokenhouse Yard; but not so regularly after that. It was on the 1st of June, 1856, the bank went from Tokenhouse Yard to the South Sea House. Having an increase of business, it was not so easy to balance. It was made up every Saturday night. The "general ledger balance book" contains details of the assets and liabilities of the bank. There are statements in the book as to the past-due bills, at the date at which it is balanced or made up, every week, on Saturday night. Everything that remained unpaid went to that item. The amount of the past-due bills loan is shown in the same way. So is the amount of bills continued with collateral security. It shows in what stocks the bank has money invested to their account, the amount advanced by the bank on convertible securities, and on cash credits. The account to the credit or debit of the "suspense account" contains those items which are not defined as belonging to any particular account. The "adjusting interest account" shows the amount due to the bank by customers for interest, generally at the last half-yearly balance. There was also a book kept, called "the general ledger." There are sums with the titles of the accounts, but it does not show the names, nor the securities. The "general ledger" contains some more details, but not much more than the "general ledger balance." It shows more of the "suspense account." The balances of the "suspense account" were taken down every

week. There was a balance of the "general ledger" half-yearly. The "suspense account" was balanced half-yearly, in the same way as the others. There was also a book called the "approximating balance book," which was made up bimonthly or quarterly. The "general ledger" and "approximating balance book" lay in the accountant's room, to which the directors had access, though they seldom came there, except for their own private purposes.

Mr. Beveridge was recalled, and said—I went into the service of the bank in October, 1850, as bill-clerk. Part of my duty was to make the entry of the bills brought to the bank for discount. This book is the "past-due bills book," which I kept from the 20th of February, 1851, till the 19th of February, 1852. The book contains particulars of past-due bills under various heads, such as, "For whom discounted," "When due," "Amount," "Other obligants," "Remarks." I took the particulars from the bills, and compared them weekly with the entries in the general ledger as to past-due bills.

Mr. Craufurd, Mr. Paddison, and Mr. Beveridge were then examined at great length upon a great variety of entries in the past-due bills book, and the attendance of the members of the committee, and their remarks and decisions on particular bills, and also as to the costs of a variety of legal proceedings on bills dishonoured, etc.

Mr. Anderson recalled.—In April, 1853, I began to keep the "past-due bills book." It had been previously kept by Beveridge, and then by Baine, who is now in Australia. I found two volumes. The first came down to the 6th of November, 1851, and in it I found some dishonoured bills of Richard Batley (£143 8*s.* 3*d.*), which were carried on in the general ledger as securities. In the second volume Baine had made a list of past-due bills outstanding on the 25th of April, 1853, amounting to £22,099 13*s.* Some were marked "bad," and some "doubtful," and some had been outstanding since 1850. None of the past-due bills or past-due loans were written off as desperate; but they were still carried on as securities, except those that were paid. I kept the second volume up to the 28th of August, 1853, when the past-due bills amounted to £24,261 16*s.*, being an increase of from £5000 to £6000 since the 31st of December, 1851. On the 29th of August, 1853, the past-due loans amounted to £10,759. The third volume commences on the 29th of August, 1853, and extends to the 18th of June, 1855. I brought forward a list of all the past-due bills, past-due loans, and bills continued. The book shows the names of the persons for whom the bills were discounted, and the sums, in columns. From time to time I wrote out abstracts of the amounts outstanding at different periods. The past-due bills were on the 31st of December, 1853, £24,706 14*s.* 7*d.*; 3rd of April, 1854, £32,304 13*s.* 3*d.*; 30th of June, 1854, £37,018 14*s.*; 4th of September, 1854, £40,395 11*s.* 2*d.*; 30th of October, 1854,

£50,699 19*s.* 11*d.*; 25th of November, 1854, £56,898 4*s.* 1*d.*; 1st of January, 1855, £73,416 15*s.* 7*d.*; 12th of February, 1855, £78,203 1*s.* 1*d.*; 12th of March, 1855, £82,276 6*s.* 11*d.*; 12th of April, 1855, £83,921 18*s.* 10*d.*; 14th of May, 1855, £88,010 14*s.*; 18th of June, 1855, £88,844 19*s.* 5*d.* The book would only give the sums, not the names of the parties. The first entry in the next volume is the 18th of June, 1855, £88,844 19*s.* 5*d.*; 21st of July, 1855, £92,328 8*s.* 8*d.* In the last item there was included a sum of £21,117 2*s.* 2*d.*, being the amount of some dishonoured bills of a Mr. Tarte, as appears by the previous volume. [It was here produced and referred to.] On the 6th of August, 1855, those bills were withdrawn from the past-due bills account and debited to the bills continued account. The past-due bills were, on the 6th of August, 1855, £68,858 13*s.* 5*d.*; 1st of September, 1855, £70,325 5*s.* 8*d.*; 17th of October, 1855, £71,634 0*s.* 3*d.* The witness then described the "past-due loans" in the third volume:—18th of June, 1855, past-due loans, £16,327 13*s.* 11*d.*; ditto, bills continued on convertible securities, £3226 13*s.* 1*d.*; 1st of September, 1855, past-due loans, £20,477 13*s.* 11*d.*; ditto, bills continued on convertible securities, £24,343 10*s.* 3*d.* In October, 1855, the past-due bills, past-due loans, and bills continued amounted to £146,985 18*s.* 5*d.* That sum included an amount of £29,195 18*s.* 10*d.*, due from Mr. Humphrey Brown, which had formerly stood as a current account on convertible securities; but the notes having been dishonoured, it was passed to the debit of the past-due loans. Brown's name does not appear in the account. Subsequently, and before the 17th of October, 1855, that sum of £29,195 18*s.* 10*d.* was put to the convertible securities account. On the 17th of October, 1855, the past-due loans were £17,262 10*s.* 11*d.* On the 10th of November, 1855, the past-due bills were £67,656 17*s.* About £5000 had been received in respect of bills discounted for Oliver, of Liverpool, and after taking credit for that amount the past-due loans were £17,262 10*s.* 11*d.* The bills continued with collateral security were £24,495 19*s.* 7*d.* On the 31st of December, 1855, the account stood thus:—Past-due bills, £63,756 7*s.* 4*d.*; past-due loans, £17,742 0*s.* 1*d.*; bills continued on collateral securities, £24,784 11*s.* 9*d.*; total, £106,282 19*s.* 2*d.* Previous to 31st of December, 1855, three promissory notes of Brown's for £4705 15*s.* 3*d.* had been withdrawn from the past-due bills account, and placed to the debit of his convertible securities account continued in the "green ledger." That book began in February, 1854. It was kept by me, Mr. Craufurd, Mr. H. T. Cameron, and Mr. Monro. I have seen it lying in Cameron's room. It had a lock. I had access to it whenever I wanted. The accounts of the directors and officials of the bank were kept in it, and it was confined to them. [The names of the several directors and officials who had accounts entered in it were here read.] It was my duty, as my predecessors had done, to make calculations of interest on past-due bills and past-due loans, in reference to the half-

yearly balance-sheet. I gave them to Craufurd, the accountant. I calculated the interest from June, 1853, to the end of December, 1855; on the 30th of June, 1853, I calculated interest on bills three years old; and, in 1855, I calculated interest on some bills of 1851, and on bills of considerable amount in the years 1852, 1853, and 1854. In June, 1855, Mr. Beveridge, the clerk, gave me a list of bills on which he said I was not to calculate interest any longer. I did not calculate interest on the bills so written off. The interest went to the profit of the bank.

Cross-examined.—No reason was given to me why I was not to calculate interest on those bills any more. The bills are of various dates. Some are recent. They were of the years 1855, 4, 3, and 2. In order to know what bills were to be written off, it would be necessary to know the position of the parties; that could be ascertained by going over the books. I have done that, but it has taken me six months. It could not be done by a west-end director. On the 18th of June, 1855, the amount of past-due bills was £88,844 19*s.* 5*d.* There was nothing in the book to show how much was bad, or doubtful, or on good security. On the 30th of June, the amount was £89,284 10*s.* 1*d.* I find that from the general ledger, which was posted every day by Craufurd, the accountant. [Sir F. Kelly here referred to the balance-sheet of June 30, 1855, which contained this entry on the credit side:—"Assets. By loans on convertible securities for short periods, advances on cash credit accounts, bills discounted, etc., £898,713 14*s.* 11*d.*"] Witness, in continuation, said the £88,844 19*s.* 5*d.* formed part of the "assets," and was included in the sum of £898,713 14*s.* 11*d.* If any past-due bills were a bad debt, they would still appear in the "assets" until they were written off as bad. All bills that were outstanding, if not written off, would necessarily appear in that place. No valuation was taken at the time. I knew Barnard had made a valuation, and he gave me a list. I had no knowledge about the bills, though I had suspicions. Mr. Craufurd, the accountant, made out the general balance-sheet from the accounts furnished by the clerks. I don't know under whom he acted. If the accountant had known that £10,000 out of the £89,284 10*s.* 1*d.* had been lost, it would not have been made known. Hopeless bills should be made known one way or another; but if you don't distinguish the bad debts by writing them off, they must necessarily appear in that place, under the head of "assets." By "assets" is not meant "available securities." The debtor side states all the sums for which the bank is liable to account, and the creditor side, the means by which it accounts for them. The word "assets" means everything in respect of which the bank is to take credit in account. Barnard had made a valuation; I had not. I have seen the balance-sheet of the Union Bank of London, and of the London and Westminster Bank. They are in the same form. Had never seen in an English balance-sheet an item for "past-due bills."

Re-examined.—The item of £S98,713 14*s.* 11*d.* included the whole of Oliver's outstanding debt and Tarte's debt. M'Gregor's debt also was included, and Mullins's debt, who was dead. At the end of the bank, Owen had a credit balance of £89. Previous to the 31st of January, 1856, the sum of £1000 had been added to the bad debt fund, which was over and above the reserve fund. Until the past-due bills were written off, they must appear as "assets." I have been in a Scotch bank, and have known cases where bad debts have not been written off for nine or ten years. In that case there was a "reserve fund." The British Bank had a "bad debt fund." It is on the liabilities side of the account, and was put there to meet loss. Five per cent. on the net profits went to the "bad debt fund." That appears in Cameron's "report." When a debt is hopeless, it should be written off the profit and loss. I would exhaust the bad debt fund, and then write it off the profit and loss. No bad debt was ever written off the profit and loss to my knowledge. In December, 1854, the sum of £98 15*s.* was added to the "bad debt fund;" on the 30th of June, 1855, £322 10*s.* more was added; thus making the bad debt fund amount in all to £2877 18*s.* 9*d.* In December, 1855, £339 17*s.* more was added, making a total of £3217 0*s.* 4*d.* On the 1st of January, 1856, £1000 was added, but that was not included in the balance-sheet of December 31, 1855. As to M'Gregor's and Mullins's debts part was included in the "assets." At the close of the bank, there stood to Owen's credit a sum of £89 for an outstanding bill of his and Cameron's, which has not been paid.

Mr. Barnard recalled.—In November, 1849, I was appointed chief cashier of the British Bank, and continued till 1853. From that time till 1856, I was employed as cashier, or otherwise. I was acquainted with the "past-due bills book," and was called up to the past-due bills committee, and gave information as to particular liabilities. I have expressed my opinion whether the debt was good or bad. I have seen the solicitors' instruction book before the committee on those occasions. I have frequently been before the court of directors, from 1849 to 1856, and have seen the past-due bills book there; but I can't mention the names of the directors who were present. I know the "green ledger." I remember Cameron's absence from the bank from January to May, 1855. I have seen the "green ledger" in Cameron's room, where Esdaile sat a great deal. It generally lay in my room. I don't think I ever saw him (Esdaile) referring to that book. In April or May, 1855, Cameron sent for me to his house, and wished me to make out a list of past-due bills, past-due loans, and bills continued. He was at home ill at the time. He said he should go through them, and estimate their character, on his return to town. I made out a list with marks to show the value I put on them. The good I marked with a triangle, the bad with a cross, and the doubtful with a round O. I took the book to Cameron, to his house, and explained these marks. There was no material

difference between us as to the value. Cameron had information which I had not. According to my calculation, the good were £52,584 4*s.* 5*d.*; the doubtful, £52,976 15*s.* 8*d.*; the bad, £12,523 14*s.* 2*d.*; total, £118,084 14*s.* 3*d.* Cameron added to the bad, which he estimated at £21,555, so that interest might not be charged upon them. That sum was referred to the past-due bills committee. I made up the book on the 7th of May, 1855. I had told Esdaile I was going over the past-due obligations with Cameron. I showed him the list. He had it in his hands for five minutes, and looked it over, and then told me to take to the solicitor the names that were marked by Cameron to be pressed. He gave me the list back, to carry out Cameron's instructions. In November, 1855, I was requested by Cameron to complete a list of past-due bills up to that time. I did so. The amount in November, 1855, was—good, £70,144 5*s.* 8*d.*; doubtful, £31,256 7*s.* 6*d.*; bad, £12,511 0*s.* 4*d.*; total, £113,911 13*s.* 6*d.* Oliver's and M'Gregor's debts were continued as good; £2000 had been paid off Oliver's debt.

Cross-examined.—In May, 1855, I believe the bank was in a secure state. I neither entertained nor expressed any apprehension. I refused at the time to take an appointment which would have been a more lucrative one. I knew of nothing which was likely to cause the bank to stop, till within a short time of the stoppage. In May, 1855, I had no idea that one quarter of the capital and reserve fund had been lost. My opinion in May, 1855, was that the bank was perfectly safe. I have no reason to say now that my opinion was erroneous, inasmuch as the Welsh works were considered good, and Brown's debt was a good debt up to the time when the bank stopped, and would be good now if the bank had gone on. I believe that some one will make a fortune out of them (the Welsh works) yet; it only wants capital. According to banking notions, the investment of money in landed property is not legitimate. Referring to the charter of the Royal British Bank, which in the third clause says, "That the business of the company shall consist in receiving deposits of money, and keeping customers' accounts, and transacting every kind of usual banking business; in advancing or lending money on real or personal securities, freehold, copyhold, or leasehold securities in Great Britain or Ireland, or any of the islands belonging to the Crown of Great Britain, in the English or Irish Channels, by mortgage or otherwise, and either with or without power of sale, on cash credit and other accounts," etc., he thought that, looking at the whole of the general circumstances, advances on the security of mines were proper. Securities may be "warranted good," and yet not be "convertible;" and they may be "convertible," and yet not "warranted good." I should consider mines convertible securities, if the title is good, and there is a power of sale and a market for them. It was a most important part of the business of the bank to advance money on

"cash credits," and to advance it on the security of land, with a power of sale. As to the word "assets" in the balance-sheet, the witness said, everything owing to a man is "assets." Doubtful bills must be entered as "assets;" for the word includes all that is owing to a man, good, bad, and doubtful. Therefore, if the sum of £898,713 14*s.* 11*d.* had actually been advanced on bills, loans, etc.—whether the debts were good, bad, or doubtful—the advance must appear as in the balance-sheet, thus:—"Assets.—By loans on convertible securities for short periods, advances on cash credit accounts, bills discounted, etc., £898,713 14*s.* 11*d.*" That would not deceive any one acquainted with banking. It is the ordinary way of stating the account. A debt is not to be run off till it is barred by the Statute of Limitations. A debt is not desperate when the debtor is insolvent, unless he is made a bankrupt. I should not write off debts as bad, because by doing so I should lose sight of them. Some of the bills which I looked upon as good were among the earliest. The balance-sheets and headings continued the same from the beginning. I had no reason to consider the entry an improper one. It is the usual entry. The entries are always made in those words, or in words to that effect. In the half-yearly report presented by the directors of the bank to the proprietors on the 30th of June, 1855, is this passage:—"The customers of the bank, and their operations, have continued steadily to increase. More than 1000 new accounts have been opened during the past year, and the number now in operation is considerably above 6000." There is no doubt that that was the fact. The business was rapidly increasing, and improving in character. That continued till December, 1855. A sum of £35,000 had been entered as "assets" in respect of preliminary expenses. The losses of the bank were greater in their early days. The past years had given us such an insight into the parties who came to us, that we found extra care was necessary in order to guard against the conspiracies which were formed against us. There were many conspiracies at the beginning which we were not wide awake enough to guard against. Parties commenced accounts, and then overdrew them. In such cases I returned their cheques, and asked them to withdraw their small balance. The loss by bad securities was less during the last three years than it was in the first three. Alderman Kennedy kept an account with the bank. The bank has not lost anything by him. He introduced his son-in-law, Mr. Archibald Spens. We have not lost anything by him. I have heard he also introduced his mother-in-law, Lady Valiant. I was one of the cashiers in the drawing-office of the Bank of England for twenty years. I came to the British Bank in 1849, and remained till 1856. My opinion of the British Bank continued till a very short time before the bank stopped. Stapleton became a shareholder on the 31st of July, 1855. He also became a customer, and paid in £1178 19*s.* 3*d.* He continued a customer till the close, and at the stop-

page (3rd of September, 1856) he had a balance of £89 7*s.* 9*d.* of the £1178 19*s.* 3*d.* paid into the bank. £1000 was paid for shares. Since the stoppage he has paid £1000 in respect of calls, and £1500 as a contributory. In May, 1856, the balance-sheet was prepared from the state of the books. There were seven establishments connected with the bank. The accounts were audited with the balance-sheet before the general meeting. The auditors were appointed by the general meeting, under the sixty-fourth clause of the charter. I do not think I ever read the law. I never saw any one with the auditors except the accountant (Mr. Craufurd). The auditing was done in his room. I have seen them (the auditors) there the whole day, or nearly so; and once a second day was devoted to the same purpose. The auditors were not always the same persons. Their names were Watson, Chandler, Page, and Spooner, the nephew of the banker. In June, 1855, and December, 1855, Thomas Chandler and Thomas Page were the auditors. When I came to the British Bank, I was an entire stranger to Esdaile. At the time Cameron was ill in 1855, Esdaile assumed the chair, and devoted himself entirely, and most anxiously, to the business of the bank. I never saw anything in him that was inconsistent with the strictest integrity and honour in all the affairs of the bank. He had no accommodation, except the transaction referred to between him and Cameron. I recommended my friends to take shares, during almost the whole existence of the bank, down to the last year, and some of my dearest friends in the last year, from January, 1855, to January, 1856. I believed it then to be a most safe investment. I had no shares; I could not hold any according to the charter. We had £48,000 in money in the till, at the head office, at the time of the stoppage. We paid £200,000 in four days, as I have understood. During the last year, attacks had been made in the *London Joint-Stock Journal*. They contributed to the downfall of the bank. The proprietor of that journal is the same person who was tried in this court for a libel on the directors of the Bank of London. The libels were in circulation to an enormous extent. I believe that to have been one cause of the stoppage of the bank. I have always understood that banks have to struggle with bad debts in their infancy. I do not know whether it is usual to write off bad debts gradually. As to the Welsh mines, I should have advanced money to protect previous advances. Do not know whether the Bank of England has advanced money on mines. Brown did not commence his account in February, 1853, with the payment of £18 14*s.* as had been stated. Brown's account commenced by his obtaining discount for his note for £2000. Saw a crossed cheque for £18 14*s.* in Brown's hand, and offered to clear it for him, as I should have done for any one else. The £2000 was paid to the credit of Brown's discount account. Brown had an account at the bank for three years, and during that time the witness had no doubt as much as £400,000 was paid into the bank to

his (Brown's) credit. I do not know that the state of Brown's account with the bank is before an arbitrator. When the bank stopped, Macleod had paid deposits on 79 new shares. At that time, he was about the largest holder of shares. He never received any accommodation from the bank that I am aware of. He (Macleod) was an inspecting director, to go round and visit the branch banks. That would take away his attention from the main establishment to the branches. So far as I could observe, he performed his duties with regularity and earnestness. I believe he held 79 shares.—Cross-examined: I have not heard from Cameron that the 79 shares were settled by him on his daughter (Macleod's wife). Cameron was an earnest and zealous servant of the bank. He paid £1000 into the bank. Up to the latter end of the bank, the balance of Cameron's account was in his favour. The balance-sheets were laid before the board by Cameron, as prepared by the accountant (Craufurd). When I went to Cameron, in 1855, he said the time was come when they ought to put a value on their past-due obligations. I estimated the bad debts at £12,523 14*s.* 2*d.* Cameron raised it to £21,555, by writing off from the doubtful those which he thought we were not likely to recover. The closing of the doors of the bank greatly increased its obligations. So did Cameron's leaving the bank; and the attacks which took place tended to accelerate the ruin which took place. The run upon the bank took place during the last few weeks, and particularly during the last few days.

Re-examined.—I considered the bulk of the securities were adequate to secure the advances which were made upon them. I became acquainted with the value of the securities, and that is the opinion I formed. I consider them "convertible securities" when there is a power of sale and a market for them, at least to the extent of what they will fetch in the market. I should not advance upon them to that extent; nor within 30 per cent. Everything owing to a bank is "assets." A hopeless debt would be bad assets, and a good debt, good assets. "Assets" may comprise both. I know nothing of the course of banking in joint-stock companies. I would make an allowance for bad debts; but I would not publish them. The balance-sheet is prepared by the accountant for the general manager and auditors, and it is presented by the directors to the general meeting. When Brown opened his account, he paid in nothing; his was a discount account.

Mr. Henry Empsom said—From the year 1849 to February, 1856, I was agent to Mr. Paddison (the solicitor to the bank). From that time he acted as his own agent. I was instructed when to take proceedings. In the early part I received my instructions from Mr. Paddison. After some time, I took instructions from Cameron. I made entries from time to time in the book marked (A), and gave it to Mullins and Paddison. My entries show whether the debts were good, bad, or doubtful. After Sep-

tember, 1851, the date to which that book comes down, I made reports to Cameron. In April, 1852, I commenced a new book (No. 1). I took it to Cameron, and he, or some one else, wrote instructions in it. In May or June, 1852, I began to attend the past-due bills committee, and continued to attend, generally once a-week, down to 1856. I took the books to the committee, and they lay open, and I took my instructions. For some time I entered reports of the bills and the state of the parties. We discussed what should be done, and one of the gentlemen wrote what should be done. Macleod's initials ran through the greater portion of the book. The witness here referred to an entry made on the 26th of November, 1855, from which it appeared that the acceptor of a bill due in November, 1851, when sued in the Sheriff's Court, had pleaded infancy. The debt was marked "hopeless." The witness referred to other debts, which were marked "hopeless" in Macleod's handwriting. He said he also saw Esdaile's initials in a great many places.

Lord CAMPBELL said he thought these were privileged communications, made by the client to his solicitor for the conduct of suits.

Sir F. THESIGER said the witness was the solicitor to the bank, to the shareholders, who were desirous that all this should be disclosed.

Lord CAMPBELL—I think the communications are privileged. The solicitor tells his clients what he has done, and he takes their instructions.

Mr. Pugh said a petition had been presented to the Court of Chancery for winding up the Royal British Bank. An order was made to that effect, dated the 21st of March, 1857. Proceedings were then instituted against certain parties to make them contributories, upon which Esdaile was examined. The evidence was taken down by a shorthand-writer, at the dictation of the witness, who told him what to write. The evidence so taken was then read over to the witness (Esdaile), and signed by him.

Sir F. KELLY objected that the evidence could only be evidence against Esdaile, until evidence had been given of a conspiracy, so as to connect Esdaile with the others.

Mr. BOVILL said it was no evidence of any act done in furtherance of the conspiracy.

Sir F. THESIGER said he tendered the evidence to show the state of affairs, and the knowledge of the parties. He tendered it as an admission made by Esdaile. It was evidence against him.

Lord CAMPBELL said he should like to take time to consider whether the evidence was admissible.

Mr. Pugh then identified another deposition made by a person named Anderson, which was referred to in Esdaile's deposition; and he said it had been read over to, and signed by, Anderson, the same as the other.

Mr. Paddison was then examined as to the issue of new shares, under the supplemental charter of February, 1855. On the 13th of February,

1855, the directors ordered the certificates of new shares to be printed; and on the 20th of February, 1855, they directed advertisements of the shares to be inserted in the papers. On the 6th of March, the directors ordered a circular to be issued. That was during Cameron's illness. On the 22nd of May, 1855, circulars were ordered to be sent to the subscribers of new shares. [The circular was here read.] It pointed out the inconvenience of their delay in executing the deed, and called upon them to execute it at once. On September 4th, 1855, the directors resolved to open a new branch in Holborn, and ordered a circular to be printed announcing an issue of 2000 new shares at £5 premium. On the 10th of September, the circular was approved, and ordered to be printed. The witness here observed that he himself was absent on both the 4th and 10th of September. On the 26th of June, 1855, the expediency of having their shares quoted on the Stock Exchange was discussed; and at the meeting on the 3rd of July, when he (the witness) read over the minute that, "the court did not consider the quotation of their shares on the Stock Exchange expedient," the directors disapproved the minute, and the words, "the court deferred the consideration of the question for the present," were written in its place. On the 31st of July, 1855, Cameron reported to the directors that he had instructed a stock-broker to show the quotation of the bank shares daily in the share list. It was then observed that the shareholders were anxious about it.

Sir F. KELLY here read the following passages from the directors' report of the 30th of June, 1855:—"The supplemental charter in favour of the bank, which the directors stated, in their last report, as being then about to pass the Great Seal, was soon afterwards completed. The relative deed has since been subscribed for £100,000, additional stock, and one-half of this sum having been paid up, and the requisite certificates issued, the increased capital has been duly notified in the *Gazette*. The directors have also the satisfaction to state that they have allotted to respectable applicants another thousand shares, representing an additional £100,000; and that of the moiety of this sum which the law requires shall be paid up before the issue of the corresponding share certificates, and which is receivable by instalments, £33,129 10*s*. have been already paid by the allottees. When all have paid in full this second addition to the capital, trebling its original amount, and completing a subscription of £300,000, will be duly published. Meanwhile, such of the allottees as have paid, or shall pay, £50 per share, and subscribe the deed, will receive their certificates and interest on their payments at the same rate as the dividend payable to shareholders; the rate allowed on instalments short of payment of the £50 per share being one per cent. less."

Mr. Paddison said the shares he had spoken of were those referred to, in the report read.—Cross-examined: In the early part of the year 1855

Brown, at a board meeting, objected to the issue of new shares. After Cameron's return from Brighton, he made a proposal to the board, which was objected to. He said he wished to call their attention to those shares, in reference to the 71st clause of the charter. [This refers to the dissolution of the bank, if one-fourth of the paid-up capital should be lost.] He strongly urged it, and suggested there should be a committee. I do not remember that this was as to the valuation he had made.

Lord CAMPBELL said, with reference to the deposition made by the defendant Esdaile in the Court of Chancery, in the course of certain proceedings which had been instituted under the Winding-up Act, which had been tendered in evidence against him, as an admission on his part, to show his knowledge of the state and condition of the bank, and which was objected to, he had consulted four of his brethren on the bench, and they all concurred with him in the opinion which he entertained, that the deposition was admissible as against Esdaile, who made it, as tending to show his knowledge before and at the time of his committing the overt act; but it was not admissible as against the other defendants. He therefore thought that parts of the deposition ought not to be read at all, but only such parts as applied to Esdaile alone.

Sir F. THESIGER said he would direct those parts which affected the other defendants to be struck out, and would read the deposition at a future stage.

Mr. Paddison was again recalled, and said—I was present at a court held between the 17th and the end of March, 1855, when Brown said he wished to call the attention of the directors to the state of the bank, in reference to the 71st clause of the charter. No minute was made of what took place, but I recollect he said that, according to his view, the bank was already in the condition contemplated by the 71st clause of the charter, which provided that if at any time one-fourth of the paid-up capital of the bank and reserve fund should be lost, the directors were to call a meeting of the shareholders to dissolve the company. He said he was prepared to prove that such was the then case. Some one present, but I can't say who it was, asked him he proved it. Brown answered by referring specifically to the loss which the bank had sustained by the advances made upon the Welsh works, and to the offer which he said the bank had made to take the sum of £35,000 or £40,000 for them from Mr. Dümmler, and to the fact that the bank had fixed the reserved bidding at £40,000, when they had offered the works for sale, in the year 1854, through Messrs. Fuller and Horsey. He also referred to the losses which the bank had sustained through Mr. Oliver, of Liverpool, but he did not name any amount. He also said that if the bank went on, they would do so on their own personal responsibility. He added, that he, for one, was not prepared to encounter that responsibility; and he protested on those grounds against the issue of

new shares. I was then asked this question by Alderman Kennedy. He said, "I ask you, Mr. Paddison, as our solicitor, whether Mr. Brown is correct in saying that we should do so on our own personal responsibility?"

Mr. Serjeant SHEE objected to the answer as being a privileged communication.

Lord CAMPBELL thought that, as it was a communication made *bonâ fide* by the defendant to his professional adviser, it was privileged.

Sir F. THESIGER said he would bow to the decision of the Court.

Mr. Paddison went on to state that, on the 8th of May, 1855, Cameron attended a meeting of the directors, at which Esdaile, Kennedy, Macleod, and others were present, and called their attention to the 71st clause of the charter, and proposed an inquiry into the state of the bank in reference thereto. Mr. Spens, in a rage, interrupted him, and said, "Pshaw! you are always throwing that bugbear in our faces." Cameron was disconcerted, but said he had been requested by a director to bring the matter forward, and for that purpose he had already made some progress in an inquiry. Spens said that if so he had done very wrong, for they could not have the bank's interest interfered with. Cameron was put down by that imperative manner, but he said he had been requested by a director to mention it. [Several letters were here read, written by Esdaile, Cameron, and Macleod, in the months of September and October, 1855, in illustration of the state of the bank at that time.] On the 15th of January, 1856, a court of directors was held, when Cameron submitted a draft of the abstract balance-sheet, and also of the circular, to shareholders, which he had prepared, in anticipation of the general meeting to be held on the 1st of February, 1856. On the 22nd of January, 1856, Cameron submitted to the directors a revised abstract balance-sheet, and various statistics relating thereto, and the draft abstract balance-sheet was further considered. On the 29th of January, 1856, the report was read, and ordered to be printed, stating that a dividend of six per cent. would be paid on the capital paid up to the 31st of December, 1855. On the 15th of January a letter was addressed by Esdaile, the governor, to Owen, the deputy-governor. [This letter will be found in the opening speech of Sir F. Thesiger.] The general meeting took place on the 1st of February, 1856, at the Strand branch. I attended that meeting, and about one hundred shareholders were present. As each shareholder entered, a printed report and balance-sheet were given to him. Esdaile, Owen, Macleod, Cochran, Kennedy, Brown, Stapleton, and Cameron were present. Esdaile, the governor of the bank, took the chair. In the first place, the circular convening the meeting was read by me. After that, the report and abstract balance-sheet were read by Cameron. The chairman (Esdaile) then asked some of the shareholders to move and second the adoption of the report. That was done, and then there was a discussion, but not a long one. Something was said by a share-

holder about issuing the new shares at a premium, and he said he thought that a premium would be an obstruction against the public taking the shares. Esdaile, the chairman, said it must be remembered that the bank had paid a dividend of six per cent. for some years, and that the directors thought the shares were worth a premium, which premium would be an addition to the "reserve fund." Then there were some remarks made by another shareholder about the bank's branches, and he expressed a doubt whether the bank could profitably maintain so many branches, and he asked whether they all paid. Cameron replied that some paid, and some did not. A shareholder then made some remarks about the expenses to which the bank had been put; upon which Esdaile, the chairman, again spoke of the fact of the dividend as inspiring confidence and hope, and asked whether it was ever known that any institution had paid so large a dividend at so early a period of its existence? A remark was made, but I cannot say it was by Esdaile, that the Union Bank of London had only paid four per cent. for several years. Mr. Gillott made a remark, that somehow or other the Royal British Bank was in ill odour with the public; upon which Mr. Esdaile again spoke about the small original capital as being insufficient, and mentioned the increase of the capital (paid up) from £50,000 to £150,000, and said he thought a further increase would encourage public opinion in favour of the Bank. He mentioned the new joint-stock banks established under the new Act, and said he saw no reason why the Royal British Bank should not stand among the highest. Cameron was at the meeting, and, in reply to a remark as to a want of tact with regard to their shares, he said the shares of the Royal British Bank were not quoted in *The Times*, because *The Times* did not quote the *Daily Share List*, but they were quoted there. He also read some statistics for the purpose of showing the progress of the bank. Cameron was called upon to read them in his official capacity. Alderman Kennedy made some remarks to the effect that it was reasonable the bank should have a premium on the new shares; that the reserved fund was a realized property, and equal to ten per cent. on the paid-up capital; and it would not be fair that the purchasers of new shares in the bank should have the benefit of that property, without paying for it. Owen made a few remarks on the bank's increase of capital, which, he said, had increased the bank's business. He also passed an eulogium on Esdaile, the chairman, for his exertions for the bank, which, he said, were well known and appreciated. The shareholders expressed a desire that there should be more weighty men in the direction, members of the corporation of London. The report was agreed to, and the sum of £2000 was voted as a remuneration to the directors, which was the regular allowance under the charter. A remark was also made, I think by Esdaile, that a number of the new shares, at a premium, had been applied for. He thought about 300. On the 5th of February, 1856, a court was

held, when an order was made to advertise the new shares in the newspapers. At that meeting Mr. Valiant was elected a director, on the motion of Alderman Kennedy, his brother-in-law. At the end of 1855, or beginning of 1856, attacks were made upon the bank in the newspapers. A notice to correspondents in the *Weekly News* of November 3, 1855, was brought before the board, in which it was stated that the editor had received a communication containing "revelations of a startling character" respecting the Royal British Bank, and that it required time to consider as to its insertion. Was consulted about the articles which appeared in the public papers. On the 19th of May, 1856, a letter was received from the Rev. Mr. Gossett, insisting on the directors repurchasing his shares in the bank at par; and that if he did not hear from them to that effect by twelve o'clock the next day, he would immediately convene a meeting of the shareholders, by public advertisement, to consider the course to be adopted for their mutual protection. A meeting of the directors was held the next day, when it was agreed by the board that something should be done; and it was proposed that the bank should purchase the shares, but Stapleton said that was illegal, and he was not in favour of it. Kennedy also said the same. It was determined not to purchase them, on Stapleton's objection. On the 23nd of May, another letter from Mr. Gossett was read at a committee, when they said that something must be done. I afterwards learned from Esdaile that the shares had been taken up by the bank in the name of Mr. Sydney Kennedy, a broker on the Stock Exchange, who was no relation of the defendant Kennedy, but of Esdaile.

Cross-examined.—Until the death of Mr. Mullins, I had no share in the confidence of the directors. In the case of Alderman Kennedy, it is the fact that he remained only a short time in the board-room. On accepting office in 1854, he stipulated that his personal attendance should not be required, as he had business elsewhere, and the weight of his name would be something. The board sat from half-past twelve to half-past two or three o'clock. I read the minutes, and the Bank of England pass-book. Cameron read the weekly reports of the business done at the head bank and branches. Some books were in the room, and Cameron read from the books before him. In October, 1854, there was a conversation about Hiram William's report on the Welsh works, and in August, 1855, there was a vexation about Brown's securities, for which they did not get so much as they expected. Brown was commissioned to go down to inspect the Welsh works. On the 30th of August, 1855, Kennedy was not present at the board, but he was there on the 5th of February, 1856, when Frederick Valiant was introduced. He (Valiant) was an officer in the East India Company's service. Lady Valiant's account continued till the end of the bank, when she had a credit of £600. I received dividends

for her till the last. The form of balance-sheet adopted was the usual form. The form of the previous balance-sheets was taken, only altering the figures. Sometimes they put the number of the new shares. The shareholders were almost all commercial men, and so were those who had accounts at the bank. No objection was ever made to the form of the balance-sheet. Stapleton became a director on the 31st of July, 1855. He became a shareholder by the purchase of 20 shares of £100 (£50 paid up), and retained them till the failure of the bank. He opened a deposit account of £178, and had a small balance of £89 at the end. He never had any accommodation. The directors were persons of wealth and respectability.

Lord CAMPBELL.—Was Mr. M'Gregor?

Mr. Paddison.—Some were wealthy, and some were respectable, without being wealthy. Stapleton, I believe, was introduced on the recommendation of Cameron, who was acquainted with Stapleton's relations, Alexander and Sir James Matheson. Hopes were entertained in 1855 and 1856 that Sir James Matheson would become a director; he had consented to become a trustee on the 11th of December, 1855. On the 3rd of August, 1855, when the balance-sheet and report of June 30th were read, they would inform him (Stapleton) that the capital of the bank was £300,000, of which £150,000 had been paid up, and there would be nothing to show that that was incorrect. There was nothing said at the meeting to disparage that statement. It would also appear that the "reserve fund," and "gross balance, for the half-year ending the 30th of June, 1855, after making provision for bad debts, and for interest (£12,844 18*s.* 11*d.*), paid and due on deposits, promissory notes, and balances," amounted to £30,525 8*s.* 6*d.* The paper now produced is the original balance-sheet laid before the directors on the 29th of January, 1856, as the balance-sheet to December 31, 1855. It is the old balance-sheet, with the figures altered. Stapleton could not test the accuracy of the figures without going through some books. The change of the figures was the entire work which had been gone through by the accountant. Neither the accountant nor the manager (Cameron) said anything in my presence to lead any director to suppose that the balance was incorrect. I did not remain in the room during the settling of the balance-sheet. The phrase "the settling of the balance-sheet," is the one used in the minutes, and I took it from the journal.

Sir F. KELLY—Can you say now that one figure in the balance-sheet of June, 1855, is wrong?

Lord CAMPBELL—In what sense "wrong"?—according to Cocker?

Sir F. KELLY—I will ask whether there is one figure that is untrue?

Lord CAMPBELL—In what particular?

Mr. Paddison—You might as well ask me about the centre of the globe, or the interior of Africa. I had no duty to discharge in reference to the balance-sheet, and I took no natural delight in it. In order to show

the figures were wrong, it would be necessary to go through the inquiry which had occupied this Court for the last week. Stapleton was a novice at that time in banks; he was a member of the bar. I did not know the amount of bad debts which existed in June, 1855. I was never asked to make an estimate. [The witness was here cross-examined in the same manner as to the balance-sheet of December, 31, 1855.] I did not know what provision was made for bad debts. I never heard any statement made as to the amount of the bad debts. Stapleton attended the board for the first time on the 7th of August, 1855; but he did not attend again till the 2nd of October, and a finance committee on the 3rd of October. He then went to Scotland, in consequence of the death of his sister, and attended on finance committees again on the 16th and 17th of October, 1855. After that he attended pretty regularly, both at the daily finance committees and at the meetings of the board. He was elected deputy-governor on the 6th of February, 1856, and sat twice a-week on finance committees, which met to decide on the discount of bills, loans, etc. On the 14th of November, 1855, after the business of the finance committee was over, and the book was signed by Stapleton, a bill of Brown's for £400 was discounted and entered in the book after Stapleton's name. This was read to the board at their meeting on the 20th of November, and Stapleton complained that the bill had been discounted without his privity; and from that time I marked an alienation between him and Cameron, which continued and increased till the 22nd of July, 1856, when Cameron resigned his office. On the 4th of December, 1855, on the motion of Owen, seconded by Stapleton, a committee, consisting of Stapleton, Macleod, and Cameron, was appointed to examine into Brown's securities. The committee on the 18th of December reported, and it was evident that there were suspicion and distrust on the part of Stapleton towards Brown. Expressions were given out in 1856, which produced irritation in Brown that, in the course of the spring of 1856, he said he would never attend at the board as long as Stapleton was there. On the motion of Stapleton, Brown, on the 24th of July, 1856, ceased to be a director, for non-attendance for three months. Stapleton was also the cause of Cameron's resignation. Stapleton continued to attend with great regularity and diligence to the end of the bank, and was very assiduous in the discharge of his duty, and strenuous in taking great pains in improving matters. In December, 1855, I found that there were fewer bills becoming past-due than previously. Stapleton was nominated by the directors on the 31st of July; but on the 1st of February, 1856, he went through the form of election by the shareholders. He was objected to as wanting commercial experience. I believe (said the witness, addressing the members of the bar) the main objection to him was that he was a member of the bar. (Loud laughter.) I never saw anything in him inconsistent

with the highest integrity with regard to the management of the bank. By his conduct when he became deputy-governor, more especially, in February, 1856, he showed an earnest desire to prevent mischief and to manage well. In July, 1856, he opposed making a dividend, and proposed a call. I had never seen anything in the conduct of Kennedy that was inconsistent with the highest honour and integrity. I only have in my mind one circumstance which I am obliged to refer to, connected with the discussion in 1855 of the 71st clause of the charter, which made a painful impression on me. I was informed by Cameron some days after, that the director who had requested him to bring forward the proposition was Alderman Kennedy, and that he did not support him when he did so. With that exception, I never observed anything in Kennedy that was inconsistent with the highest honour and integrity. On the 11th of December, 1853, the date of Mullins's death, the Welsh mines were a great clog upon the bank, and were a great anxiety to the directors and Esdaile, except when Mr. Clark, and afterwards Mr. Thompson, took possession of them. Esdaile's attention was unremittingly applied to relieve the bank from that responsibility, and he sacrificed his own interest for the benefit of the shareholders. He was partner with his father all that time in the City Sawmills. Beyond his salary, he had no benefit from the bank. I feel bound to say that Mr. Mullins, who was naturally and habitually given to wild speculation, was the cause of the bank's unfortunate and destructive connection with those works. The directors had an overweening and exclusive confidence in him till his death, when they sent down Mr. Thompson, in the hope of retrieving themselves. Their errors were errors in judgment only, and too sanguine anticipations, and perhaps rather too bold representations. They were sometimes led by reports to form such opinions, but I think they sometimes "hoped against hope." The Welsh works occupied the attention of the directors, to the exclusion of other business, and they made some attempt to dispose of them. The bank began with a professed capital of £50,000. They were under restrictions, and could not increase their capital without the consent of the Board of Trade, and that restriction continued down to February, 1855, when the supplemental charter was granted. Esdaile was a sanguine man; and, beyond that, I cannot find fault with anything he did. I saw nothing inconsistent with honour in all his relations of private life, and would have the utmost confidence in him. He was a man of truth, if ever there was one. Owen was one of the provisional directors. He went out of office in February, 1854, and returned in February, 1855, and in February, 1856, his connection with the bank ceased. He had been in trade as a haberdasher in Coram Street, and had a little money, which he put in the bank. I never saw anything in him inconsistent with the strictest integrity and probity. I should say of him, as of Esdaile, that in the relations of private

life he was an honourable and trustworthy man, and would wrong nobody. He is a sanguine man too. He had a balance in the bank to his credit at the close, and had no benefit from the bank except his salary and his original remuneration. Mullins and Cameron had the entire confidence of the directors. Mullins was allowed the run. The declaration of secrecy was signed by all the directors. Brown was introduced to the bank by me on the 3rd of February, 1853. Brown was elected on the same day with Sir John Shelley, but the latter had not given his consent, and he continued till July, 1856. After the meeting on the 15th February, Brown attended in March, and was removed in July, 1856. He never attended frequently. He attended to the Cefn works, whose office was next door to the bank. The bank had no security from Walton for the bills, and the result was the bank had recourse to Brown. But when every attempt failed, the bank, in March, 1854, took security on all the vessels he had except the "Severn." They got the security on the "Ambrosine," which had been promised, in 1854. I told the directors the position they were in, that it was impossible for them to get legal security, except by the mortgage of March, 1855; for if Walton had become a bankrupt, the ships would have gone to his assignees, and the bank would have had no security for Brown's notes discounted by the bank. I found that the principal vessel, the "Hornet," was registered in Walton's own name, and not in Brown's. I believe Brown's debt has been under arbitration since the bankruptcy; I have heard so. I heard there had been an offer made of £10,000 for one of the ships, which was afterwards sold for £5,600. After the securities were given, there was a meeting in March, 1855, when Brown said the board had put the reserve price of £40,000 upon the Welsh works. I knew that he was mistaken, for it was £40,000 for the Cefn works, £13,000 for the Garth works, and £7000 for the stock. In answer to Kennedy's question, whether, if the directors were to carry on the bank, after having incurred such a loss as had been mentioned, they would do so on their own responsibility, he answered that in the case supposed, undoubtedly they would do so, and, he added, it was for them to inquire into the matter, and if they found, on inquiry, that they had sustained such a loss, they were bound to call their shareholders together to dissolve the company. If they found that they had not, but were on the verge of the precipice, I told them it was for them to consider whether they could by any means retrieve themselves and avoid falling over it. I used those words. The matter then dropped, and Kennedy said he was satisfied with my explanation; and that they must go on. They were disinclined to carry on the conversation. I do not know that Brown's account had been stopped. Brown said he would speak to the Attorney-General on the subject in the House of Commons, without mentioning names; but I told him the Attorney-General would be sure to know, for he had held a brief

for the bank, and so had become acquainted with all its affairs. I told him he would be doing an irregular thing, and one contrary to his declaration of secrecy. Brown was present at the general meeting on February 1, 1856, but I don't recollect that he said anything. The bill for £400 was drawn by Brown on a person named Cook, and accepted by him; but it was not paid when due. Cameron was a stranger to the original promoters of the bank. He was introduced by M'Gregor, and gave shape to the project. At that time he was a parliamentary agent, but M'Gregor recommended him for his previous knowledge. Having become a director, he seceded, in order that he might become the general manager. By the charter, the general manager was dismissible by the directors, and he was allowed to hold shares. Before he fell ill, in 1855, Cameron laboured hard and was anxious about the bank. I used to hear complaints from the directors of his non-attendance in the hours of city business. He was not there late, but not so early as they wished. Cameron explained that by saying that he inspected the branches on his way. At the meeting in 1855, Cameron protested against the issue of new shares till the valuation of the past-due bills was made; but he was stopped by the manner in which he was treated. He was informed of the relation in which he stood. He said to me that if it was not for the interest of the bank he would resign immediately. The new shares were issued during his illness, and the transfer of Walton's debt to Brown at the same time. I have heard Cameron object to the increase of the advances on the Welsh mines, and advise the directors not to advance money on the works. Cochran's debt was doubled during Cameron's illness. The sum of £1000 was added to the bad debt fund in January, 1856, but I cannot say it was by Cameron's advice. In May or June, 1856, there was a scheme on foot to transfer the bank to another bank. Stapleton was in favour of the union; but Cameron opposed it. It was Cameron himself who instructed me to prepare the security on his property. He said he wanted to make the bank safe, as he was afraid of a relapse. Macleod joined on the 9th of August, 1853, and and was then absent for two or three months, being just married. In August, 1855, he was appointed visitor to inspect the branches of the bank, and was so employed for twelve months. He is a young man of highly respectable family and connection. When the differences took place, in 1855, Macleod acted as an independent man. I saw nothing in him inconsistent with honour and integrity. He took up seventy-seven new shares, in addition to his qualification as director. I have no doubt he paid for them in hard cash, and at the close he was the largest shareholder. Those shares formed the subject of Macleod's marriage settlement. He bought the shares of Cameron, with a promissory note, which he afterwards paid, nine months before the shares were issued. The business of the bank increased during the last year.

On re-examination the witness explained that, when he spoke of the defendants in the relations of private life, he meant in reference to their conduct in the bank. He also said he believed Kennedy had paid £2500 on his shares.

It was then proposed to read Esdaile's deposition; but, some difficulty having arisen as to what parts were to be omitted,

Lord CAMPBELL said he was of opinion, upon consideration, that the whole of Esdaile's deposition might be read in evidence. But he (Lord Campbell) should tell the jury that the statements of Esdaile were evidence only against himself, and not against any of the other defendants. At the same time, his Lordship thought that only those parts should be read which affected Esdaile's knowledge and his acts while the conspiracy was going on, and that the statements which affected the other defendants should be passed over. The counsel for the Crown, however, would exercise their discretion, and read what they pleased, and pass over what they thought proper.

Mr. Craufurd was recalled, and said—I remember Cameron's absence from the bank through illness, from January to May, 1855, and that during his absence Esdaile attended to matters which he (Cameron) was in the habit of attending to. I saw the green ledger and the general ledger of the bank before Esdaile at the time, and also a share ledger and a diary of bills. I believe I put in most of the entries in the green ledger. At that time the green ledger was repeatedly in the board-room, before certain of the directors. I recollect Stapleton, in 1855, asking me who Robert Napier was, whose account was in the green ledger, which was before him at the time, and I gave him the information as far as I could. It was part of my duty, as accountant, to prepare the balance-sheets periodically. I prepared the balance-sheets in the same mode as had been adopted before, year after year. I also prepared tabular statements, showing the details of assets and liabilities. Those details were extracted from the balance of ledger book. There were other tabular statements, showing the general particulars of expenditure, investment, cash, etc., in the parent establishment and in the branches. The tabular statements were handed by me to the general manager (Cameron), to be used in connection with the balance-sheet. On the 24th of November, 1855, I handed to Cameron this paper, which is a transcript from the general ledger of that date. It shows the assets in one column, and the liabilities in the other. I began about the 14th of January, 1856, to prepare the balance-sheet for December 31, 1855. The balances were marked in pencil in the ledger, and I began to make up the balance about the 14th of January, 1856. These papers, marked A, B, and C, have reference to the general balance-sheet. The paper marked A is a printed form of the balance-sheet of the 30th of June, 1855, with alterations made about the 8th or 9th of January, 1856, to adapt it to the

31st of December, 1855. Having altered it I gave it to Cameron. This paper marked B is also an alteration of the previous balance-sheet of the 31st of December, 1854. In B the paid-up capital is stated to be £100,000, and the amount received on new shares is put in the inner column along with the deposits, etc. In A, the paid-up capital was raised to £150,000, the deposits on new shares allotted being completed. Cameron told me to make those alterations, and I think he said it had been under the consideration of the board. The paper C follows the paper B, and is the last document I prepared previous to the ultimate balance-sheet. At the general meeting, on the 1st of February, 1856, a balance-sheet, of which this is a print, was read at the meeting. I prepared it in accordance with the paper C. These are the four tabular statements which I prepared, in reference to the balance-sheet of the 31st of December, 1855. [The witness referred to the statement headed "assets."] The first sum put down in the balance-sheet of December 31, 1855, under the head of "assets" was, "By loans and convertible securities for short periods, advances on cash credit accounts, bills discounted, etc., £986,272 11*s.* 1*d.*" The sum of the various items under the head of "assets" in the tabular statements is exactly the same; but among the items which go to make up that sum are "the suspense account, £46,278 5s. 11*d.*; past-due bills, £70,278 18*s.* 7*d.*; past-due bills continued, £24,784 11*s.* 9*d.*; past-due loans, £17,742 0*s.* 1*d.*; De Tape's account, £1193 18*s.* 4*d.*; the adjusting interest account, £17,769 19*s.* 5*d.*" The next table is headed "liabilities," and contains the item "bad debt fund, £3217 0*s.* 4*d.*" The next table is "expenditure" up to June, 1855, and December, 1855. The expenditure for the half-year to December 31, 1855 (£19,516 13*s.* 7*d.*), is carried into the balance-sheet. The next table shows the investments, amounting to £155,787 5*s.* 8*d.* Particulars are shown herein, and so are they of the preliminary expenses. The particulars of the balance-sheets are found in the tabular statements. Previous to the meeting on the 1st of July, 1856, the balance-sheet was seen by the auditors, Chandler and Page, and they audited them. I produced to them these two tables of "liabilities" and "assets" (not those just described). They are different from the tables I have just referred to. They also contain details. On the "asset" side the bill account is marked 1, 2, and 3, without putting "past due," etc. In the statement of "assets," of which I just spoke, the bill accounts are headed in the precise form in which they stand in the bank books; but in the copy shown to the auditors they were simply entitled "Bill Account No. 1," "No. 2," and "No. 3," and so on. Likewise, the loan accounts are similarly entitled, "convertible securities," being called "Loan Account No. 1," and "past-due loans" "Loan Account No. 2." In the accounts submitted to the auditors the sum of £48,733 is called "current accounts," and in the other "over draughts." Cameron, with his own hand, made

the alteration before the accounts went to the auditors. A similar alteration had been first made in June, 1853. From June, 1853, tabular statements were submitted to the manager, and, being altered in the same manner, to the auditors. In January, 1856, the audit of the balance-sheet for December 31, 1855, lasted four or five hours. I read from the two tabular statements to the auditors. I cannot produce the original paper as altered by Cameron. I said to Cameron, "Mr. Page seems to consider that he is entitled to see all the bills and securities of the bank." He (Cameron) said, "It is not the duty of an auditor to go into these matters, or those of personal accounts." He said, "Mr. Page mistakes his duty; were he to carry out his views, he would sit at the board-room table, go into all the transactions of the bank, and then *de die in diem* comment upon all the bank's transactions. Such a duty would entirely take away the functions of the directors." I only read out to the auditors portions of the tabular statements. They cast it up and found it agreed with the printed balance-sheet. They looked at whatever accounts they thought proper. I read out all the sums in figures. In the paper produced to the auditors, headed "assets," there are, in the seventh line, these letters, "P. D. B." (past-due bills). I did not read "P. D. B.," but gave the auditors the amount. I received no directions as to how I should read it. The amount of the advances made on the Welsh works, the Islington Cattle-market Company, Mullins's, Brown's, Oliver's, M'Gregor's, Blacker's, Gwynne's, Cochran's, and Cameron's debts are all included in the "assets." It also comprises all the past-due bills, past-due loans, bills continued, and other items in the tabular statement, down to December 31, 1855. There is the "adjusting interest account," and the "suspense account." The advances to the Welsh works, to the extent of £43,443 12*s.*, are included in the "suspense account," and to the extent of £19,741 5*s.* under the head of "convertible securities." A sum of £33,450 12*s.* 5*d.* advanced to Messrs. Dümmler and Swift in respect of the same, is included under the head of the "cash credit account," and a further sum of £11,367 13*s.*, under the head of "adjusting interest account." The total amount advanced on the Welsh mines, with interest, up to the 31st of December, 1855, was £108,003 2*s.* 6*d.*; £11,367 was for interest on the advances, and that was taken as "assets." The Islington Cattle-market debt was £8,600; De Tape's debt was £1193 18*s.* 4*d.*; Mullins's debt was in all £10,646 16*s.* 3*d.* Interest was charged on all the sums to the extent of £525 10*s.* 7*d.* Next came Brown's debt, which consisted of—due on drawing account, £30,731 8*s.* 9*d.*; discount account, £8060 14*s.* 11*d.*; debt on convertible securities, £35,935 10*s.* 10d.; past-due bills, £4906 2*s.* 7*d.*; total, £79,437 3*s.* 1*d.*; Edward Oliver's debt, of Liverpool, due on past-due bills, £14,162 4*s.* 5*d.*; M'Gregor's debt, £7369 8*s.* 3*d.*; Blacker's debt, £1513 0*s.* 2*d.*; Gwynne's debt, £13,415 19*s.* 11*d.*; Cochran's debt,

with interest, £9503 3*s*. 5*d*; and Cameron's debt, amounting to £23,896 12*s*. 7*d*., after giving credit for the balance of £693 8*s*. 10*d*., which remained to the credit of his drawing account.

Cross-examined.—I was accountant from February, 1853. I have been a clerk for many years in Scotland and in London, and well acquainted with the manner in which accounts are kept. Many banks put expenditure under the head of assets, and some do not. Liquidation is an "asset," etc., and money paid to directors. It is put there to show the shareholders that the directors have been paid. Dividend is also properly put there. The capital is entered as a liability, on the principle that, having received it, they are liable to account for it. On the other hand, property expended on buildings is put under the head of "assets." It is right to insert all debts under "assets," unless you write them off. A debt should not be written off, unless it is hopeless. If you write off a debt, you lose sight of it entirely. When hopeless, bad debts should be written off the profit and loss. All the balances except Blacker's are included in the gross sum set forth in the assets in the balance-sheet of June 30, 1855. Five per cent. on the net profits were set apart for bad debts; but no calculation was made of the bad and hopeless debts, in December, 1855. A calculation was made in June, 1855, by Mr. Barnard. I made out the balance-sheet in the same way from the commencement. When a debt is lost, it should go to the profit and loss of the half-year. On one occasion Mr. Cameron said to me, "I understand you have been speaking to Mr. Cochran; it is exceedingly bad taste, and any recurrence of it will meet with my severe displeasure." I never saw anything in Stapleton inconsistent with honour and integrity. From what I saw of Esdaile, he devoted himself anxiously to the affairs of the bank. He was there morning and night. There was nothing inconsistent with honour and integrity in his conduct in connection with the bank. £79,437 3*s*. 1*d*. was the amount of Brown's debt. That includes the trade bills then running and past-due. Those that were paid at maturity would reduce the amount. He was charged six per cent. on his discounts, and there was an allowance on cash balance of two per cent. The observation made by Cameron may have arisen from a report that Cochran had endeavoured to get his bills done without the knowledge of the board. The words "provision for bad debts" in red ink are in my handwriting. In the last balance-sheet, December 31, 1855, the words are, after making a provision "on account of bad debts." I don't recollect that the addition of £1000 for bad debts was made at Cameron's suggestion. This abstract of the balance-sheet of December 31, 1855, prepared in my handwriting, makes out the profit to be £30,551 2*s*. 7*d*. for the year. I was made general manager on the 22nd of July, 1856, when Cameron left. The principle on which the balance-sheet was framed by me to June 30, 1856, was the same.

The same form of auditing was pursued, and the auditors signed the balance-sheet thus:—

"We, the auditors undernamed, having examined the foregoing balance-sheet and abstract relative accounts, have found them correct, and sign them accordingly.

"THOMAS CHANDLER,
"THOMAS PAGE, } Auditors

"Royal British Bank, July 29, 1856."

When I prepared the balance-sheet for Cameron, I also prepared a fair copy for the directors, and I had a copy myself. This is the draft prepared by me of the balance-sheet for June 30, 1856. The alterations are in Monro's handwriting. This balance-sheet (C) is in my handwriting, for the half-year ending June 30, 1856. Cameron has told me that there were complaints of the board of directors connecting themselves with other companies. I have never known Cameron connect himself with any other company. In June, 1856, I believe, Cochran's was a good debt. I knew one of his sureties at Liverpool to be a man in good position. Up to August, 1856, my impression was that the bank would be able to dispose of their interest in the Welsh works. I also entertained the opinion in August, 1856, that the bank would lose nothing by them, and I never heard anything to the contrary up to that time. I was not a competitor for Cameron's situation as manager. I knew nothing of it till it was offered me. The bad debt fund was to guard against ascertained and future loss. During the eight days before the close of the bank, they must have paid away £280,000.

Re-examined.—The whole of Blacker's bad debt was included in the "assets." Interest had ceased to be calculated on some of the bills, about £40,000, since June, 1855. Of Mr. Brown's debt, his liability on trade bills was £8050. I had not been down to the Welsh works; and I should know nothing about them, if I had. The bank, before it stopped, had re-discounted nearly all its bills. Early in 1854, I proposed to Cameron to expunge bad debts. He said it could not be done at once, and it was his opinion that the bad debt fund should be increased, to assist as much as possible.

Mr. Williamson, a clerk in the British Bank, cross-examined.—Mr. Craufurd and Mr. Monro told me that it was Mr. Cameron's wish not to give any information to Mr. Valiant, who was examining into the books of the bank. In consequence of that, I gave him as little assistance as possible. No other director ever asked. Mr. Craufurd did not give as a reason, that he did not wish one director to pry into the accounts of another.

Re-examined.—The balance in hand, when the bank stopped, was £18,039 5*s.* 7*d.*; the money lodged and lent book was made out by me, and contained a true account.

Mr. Duncan.—When the bank stopped, we had £35,000 in the Bank of England, and £18,039 5*s.* 7*d.* in the till at the head-office only.—Cross-examined: We were obliged to re-discount. All bankers do not do that. When our balance at the Bank of England was £20,000 we re-discounted. In October, 1855, there was considerable pressure in the money-market.

Re-examined.—The bank raised large sums by re-discounting between the 23rd of August and the 3rd of September, and in that way they raised the amount paid out. The bank had £60,000 in Consols. In December, 1855, the bank had £155,787 5*s.* 8*d.* in cash.

Mr. Ambrose, cross-examined.—I attended the examination in Chancery, with the books made up since the bankruptcy. It took me and another three months to make them up. Those are the books referred to by Esdaile in his deposition.

Mr. P. Brown, said he was a short-hand writer, and he produced his notes of what took place at the meeting of the shareholders of the Royal British Bank, on the 1st of February, 1856.—Cross-examined: I was employed by the directors, and I made an abridged, not a verbatim note of what took place.

The report was then read. It stated that all the defendants were present, and the account agreed in general with the brief account of what took place, given by Mr. Paddison, in his evidence.

Mr. William Gatherer said—I was the registrar of shares of the bank down to the time of the stoppage. This certificate to the Board of Trade, dated the 16th of January, 1856, is signed by E. Esdaile, W. D. Owen, L. D. Cochran, J. Stapleton, H. Brown, R. H. Kennedy, L. M. Valiant, and H. D. Macleod. [It recited a supplemental charter of the 23rd of February, 1855, by which power was given to increase the capital to not exceeding £500,000, by the issue of additional £100 shares, and that the capital of the company had already been increased by the sum of £100,000, as appeared by a supplemental deed of the 12th of June, 1855. It then stated that the directors of the Royal British Bank had ordered the capital to be further increased by the sum of £100,000, and certified that the whole amount of such increased capital had been subscribed for; that 1000 new shares of £100 had been issued, and £50 per share paid up, and that a supplementary deed had been executed.] That related to the second issue of 1000 new shares. The circular of the 10th of September, 1855, stated that the directors had determined to issue 2000 more shares at a premium of £5. Applications were made for them (the third issue) on the 15th of September, 1855, and continued down to May, 1856. In all, 280 were applied for. On the 18th of December, 1855, the directors authorized Mr. Cameron to reserve from the last issue a sufficient number to make £150,000 paid up. There was £2400 transferred from the third issue, to complete the second issue. On March the 11th, 1856, the di-

rectors ordered the then present advertisement of bank shares to be discontinued.—Cross-examined: Esdaile never had any dealings with shares at all, except his qualification. The certificate refers to the third issue of shares, which was mentioned in the report of June 30, 1855.—Re-examined: This is the supplementary deed, executed by the parties who took the last issue of 1000 shares at a premium. It is not dated, but it was executed in May or June, 1856. About £10,000 was paid up.

Mr. Craufurd, again examined.—The "suspense account" in the ledger contains entries of purchases of shares in the years 1853, 1854, and 1855. On the 29th of January, 1855, there is a debt of £400 for eight shares. I think Kennedy gave the order for the entry. Cameron ordered me to transfer the shares of the value of £4000 to £5000 for shares to the private account of Henry Empson. I commenced that account by Cameron's order, and I directed the purchase of Mr. Nicoll's shares by Cameron's orders.

Mr. W. Scott said—In February, 1856, I was instructed by Mr. Craufurd to purchase ten shares for the Royal British Bank from W. A. Braddock. The bought note which I produce has Cameron's initials, "H. I. C." I drew a cheque on the bank for the amount of the shares, £303 15*s.*, and sent them to the bank. I was credited by the bank with the cost of the shares. Three days after, the 16th of February, I was requested by Mr. Craufurd to purchase some more, and the bank credited me with the amount.

Mr. Craufurd.—I had instructions to purchase them from Cameron. These are the shares which stood to Empson's private account. I suggested Mr. Empson's name to Cameron.—Re-examined: On the 30th of May, 1855, I was authorized by Cameron to purchase twenty old and twenty new shares for £2000 for Henry Empson. The bank credited me with the amount. Those shares were transferred to the name of Henry Empson. The shares were entered to Empson's private account. There was a dividend on those shares in June, 1855, which went into the profit of the bank. About October, 1855, I saw Cameron, and mentioned that there were some more shares for sale.

Mr. Scott said—On the 29th of October, I bought fifteen shares at par, and was credited by the bank with the amount. I also purchased six shares from the executors of Mrs. Wells, on the 27th of September.

Mr. Craufurd.—I have no doubt I gave the authority to purchase, but I don't recollect by whose authority; I put them in the "suspense account," but I don't recollect by whose authority. I remember that, in May, 1856, Cameron instructed me to purchase ten shares in the name of M. H. Percival. I debited Mr. Empson's account with it. Mr. Scott was paid for them, in the same way as for the others. On October 16, 1855, I was instructed by Esdaile to purchase five shares. He instructed

me to purchase the shares, and pay the money to Messrs. Venning, Naylor, and Robins, solicitors. The amount was about £250. I got the money from one of the tellers of the bank, and took it over, and got the receipt. Esdaile's account was debited with the amount. It went into the "suspense account."

Mr. Gatherer said—That on the 16th of October, the shares were transferred to Robins, and by him to Cantrill, on the 3rd of November. On the 5th of November, the money, £250, was paid back to Esdaile.

Mr. Craufurd.—I have a memorandum of Kennedy's relating to Mr. Spens's shares. [Read.] "Please to remember that Mr. Spens wishes to dispose of his shares. He would have done so by his broker, but he leaves it to us." At the end of August, 1855, by direction of Cameron, I credited Spens's account with £1000 for the shares, and debited the "suspense account," on the 28th of August. A dividend, due on the 31st of December, 1855, was carried to the profit of the bank. There are other transactions of this kind, amounting, in the aggregate, to £9000. At the end of 1855, the sum of £6403 10*s.* stood to the debit of Empson's account. That amount was carried into the balance-sheet, as part of the assets of the bank. All the sums for these purchases were debited to Empson's account, or to "the suspense account." His account, on the face of it, would purport that he was the *bona fide* purchaser; and, on the failure, he was found to be a debtor. Just before the failure of the bank, Empson applied for an indemnity; but Mr. Stapleton refused to give an indemnity for what had been done without his knowledge.

Mr. Gatherer then produced a list in Esdaile's handwriting of the first 1000 shares. He said it showed how many had been purchased by Cameron, or in his name. I do not know how many they are. Kennedy asked me how many shares Cameron held, and I showed him the list of shares to the end of December, 1854, and how many stood in Cameron's name. They purported to be to his own account. He (Cameron) said he held 14 and 80 in his own name. I know Cameron claimed the shares as his. The 14 shares were of the original allotment.

Mr. Thomas Dakin, a wholesale druggist, said—I am acquainted with Kennedy. In January, 1856, he spoke to me, and said he wished to introduce me to the Royal British Bank. He was a friend of mine, and I had known him for several years. He said the bank was about to remove to fresh offices, to increase its share capital, and that, in his judgment, with good management, it was likely to become one of the leading institutions of the metropolis. I made inquiry. He said I might see the charter of the bank. I asked for a list of shareholders and the reports and balance-sheets of the bank. They were sent to me from the bank. They were returned, after perusal. I asked him as to the assets of the bank. He said they were very satisfactory. He said the bank had one or two locks-

up of capital, which had retarded its progress, but he thought so well of the bank that he had introduced his own brother-in-law, Mr. Valiant. Upon those statements, I consented to become a director, and afterwards learnt from Kennedy that I had been elected on the 19th of February. I had been told by Kennedy what number of shares I must purchase, and I arranged to purchase twenty shares. I heard they had been issued at a premium, and remarked, that going into the direction, I ought to have the shares at par. He said he thought I ought, and that the bank would provide them at par. I paid £1000 for twenty shares. I attended for the first time on the 26th of February, 1856, and several other meetings, till the 10th of March. On the last occasion I was present, something occurred about the price of iron. I made the remark, "You are not manufacturers of iron?" To which Mr. Stapleton replied, "I thought Alderman Kennedy had informed you of that circumstance." Kennedy and Esdaile were not present. I said I should like to see the governor of the Royal British Bank, intending to have an interview. Something occurred in my private affairs which made me determine to withdraw. Early in March, 1856, I got my £1000 back. I called on Cameron, and stated I could no longer be a director of the bank, and I had no wish to hold shares. I called again, and saw Esdaile in the manager's office, and made that representation afresh. Esdaile gave instructions to Cameron that I should receive back my £1000. [A letter of Kennedy was here read, in which he said, "Mr. Paddison should notify to Mr. Dakin the course he has to pursue to retire. After having signed the declaration and sat at the board, he should not repudiate the connection as if it had never existed. He has paid £1000, and ten shares have been assigned to him. He ought not to leave us to get out of this as we can, but must bear the transaction."] I subsequently got back my £1000 from the bank.

Mr. Craufurd.—The £1000 which had been received, had gone to the credit of Macleod's account. I paid the £1000 back.—Cross-examined: I had several interviews with Kennedy. I have always had the highest opinion of Kennedy's character and integrity.

Mr. William Nicoll, examined.—In March, 1855, Kennedy spoke to me about the Royal British Bank. He said it was a flourishing concern. I said I thought the capital was small. He showed me some circulars. He said they were issuing new shares. He showed me the balance-sheet to the 31st December, 1854. I understood him to say that the shares were to be issued at a premium, but he said the shares would be issued to me at par. I took twenty shares, for which I paid £200, and the balance, £800, in September, 1855. After that, I went one day to the bank, and was introduced to Esdaile. I made general inquiries as to the business of the bank, and mode of conducting it, and received general answers. I was not satisfied, and determined not to become a director. I told Kennedy

of my determination. In February, 1856, I got rid of my shares. I had signed the deed. I told my broker, Braddock, to sell ten of them in the market. I know that he sold ten on the 15th of February, 1856, and I received £500 for them. I executed a transfer of those shares to Mr. Empson. After that, in February, I instructed Braddock to sell the remaining ten shares. They also were sold for £500, and transferred to Mr. Empson. There is no acceptance by Empson of the transfer. Before I sold those shares, I heard Kennedy, in conversation, accidentally use the words, "the unfortunate British Bank." I asked him what he meant by it. He said, "Because you and other gentlemen have refused to become directors."—Cross-examined: During the time I have known Alderman Kennedy, he has borne a high character for honour and integrity. I am a director of the London and County Bank. I do not know that that bank began with a capital of £34,000.

Mr. George Blackie examined.—About the 8th of August, 1853, I obtained five shares in the Royal British Bank, and paid for them in September. I received copies of the reports. About the 8th of November, 1855, I received this letter from Mr. Paddison, and in consequence I called at the bank. I received several letters in 1856, calling upon me to sign the deed of settlement, which I always refused. In January, 1856, I went to the bank and saw Cameron, and told him I had had several applications to sign the deed, and I had determined not to do so. He asked me why. I said they were not conducting their business in a legitimate manner, and they were establishing branches so fast, that they were injurious to the bank. I said I did not like to incur the risk of losing what I had gained by honest industry. He said he would lay my case before the directors. I heard nothing from him, and in a week I went to him again, and said he had not kept faith with me. He said again that he would that week lay my case before the directors. He failed again, and then I found out when the directors met, and went again. Ultimately, on the 7th or 8th of February, 1856, I saw the directors. They asked me my business. They asked me if I wished to withdraw my shares. Some one said, "if he is not with us, he is against us." I said I did not think the bank was in a good state. Esdaile said, "Have you any doubt of it?" Ultimately, I got my money back, by a cheque from Mr. Craufurd for £399 5*s.* 10*d.*, including interest.—Cross-examined: I went away quite satisfied.

Mr. E. Goddard examined.—In 1851, I became a depositor, and, in 1852, I took ten shares in the bank. I attended the meeting on the 1st of February, 1856. In June, I noticed that the shares were quoted below par in the Stock Exchange. In consequence of that, I went to the bank. I saw Craufurd. I bought four shares in June, and sixteen in July. Shortly after, I went to the bank, and saw Esdaile. I told him I had been a shareholder for a long period, and that I had recently been offered more

at a less price. I asked him, "Is there any real cause for this?" Esdaile said, "No, no real cause, they were doing a good and improving business. I allude more particularly to here" (the South Sea House). He said, "there was ill-feeling from private banks, which had prophesied that we should lose £20,000 in the first year of our existence. Now, as you know, we have falsified all."

Mr. Sydney Kennedy said—I am brother-in-law of Esdaile. In consequence of a letter of the 22nd of May, 1856, I called at the bank and saw Esdaile. [This witness was called to prove that he had purchased the Rev. Mr. Gossett's shares, already proved; and as his Lordship thought further evidence on this part of the case was unnecessary, it was withdrawn.]

Mr. Esdaile's deposition was then read, omitting certain portions which implicated other defendants. He made a clear admission of his knowledge of the real state of his bank.

Mr. Cantrill examined.—I was a shareholder in the Royal British Bank in 1855 and 1856. I was also a customer of the bank. I attended a meeting of shareholders, on the 1st of February, 1856. At that time I was not acquainted with the true state of the bank's affairs, nor down to the time when the bank stopped. I was paid my dividend of six per cent. for the half-year to December 31st, 1855.—Cross-examined: I became a shareholder in September, 1855. I had five shares then, but I took thirty-five afterwards.—Re-examined: I took twenty-eight shares in November, 1855, five more shortly after, and then two more in March, 1856. I received a copy of the report presented on the 1st of February, 1856.

Mr. Marcus said—I was a shareholder in the Royal British Bank the latter part of 1855, and in 1856. I attended the meeting on the 1st of February, 1856. I received the report and balance-sheet at that meeting. At that time, I only knew the condition of the bank from the statements laid before me. I was paid the six per cent. dividend in February, 1856.

Mr. Beattie.—I was a shareholder in the Royal British Bank, in the latter part of 1855, and in 1856. I attended the meeting on the 1st of February, 1856. I knew nothing of the state of its affairs, except what I learned from the officers, and from the balance-sheet. I was a creditor of the bank in deposits till within three days of the stoppage. I was paid the six per cent. dividend in February, 1856.

Mr. Mitchell said—I was a shareholder in this unfortunate bank in 1855 and 1856. I was at the meeting on the 1st of February, 1856, and received the report and balance-sheet. I was not acquainted with the true position of its affairs. I was paid the six per cent. declared dividend on that half-year.

Mr. Stewart.—I was a shareholder of the bank in 1855 and 1856. I attended the meeting on the 1st of February, 1856. I was not acquainted

with the true state of the bank's affairs up to the very last. I was paid the six per cent. I was not a customer of the bank.—Cross-examined: I was a shareholder in the Union Bank. Their balance-sheets are in pretty nearly the same form as these.

Dr. Richards examined.—I was a shareholder of the bank in 1855 and 1856. I was at the meeting in February, 1856, and received the report and balance-sheet. We never had any true state of affairs. I knew nothing more than the balance-sheet shows—falsehoods. I thought I was dealing with gentlemen, but I was mistaken. I received the six per cent. dividend. I was a customer, and an unfortunate shareholder, and swindled in all directions.—Cross-examined: Unfortunately I borrowed money of the British Bank to the extent of £800. They induced me to borrow. That was in 1855. I did not receive the £800 in my own notes. They took some of their own shares as security—precious security! This witness explained the mode in which he said he had been "swindled," as he called it, but as he was addressing Lord Campbell at the time, his precise expressions could not be caught. He was understood to say that he had been induced to take shares by the loan of money from the bank.

Mr. Titcombe examined.—I was a depositor in this bank before 1855, and continued to be so down to the stoppage. I received this circular of the 6th of March, 1855, as the issue of new shares. I sent this letter, of March 26, to the bank, and had two shares allotted. [The letter had Esdaile's writing in it, "allotted in committee by Edward Esdaile."] I received the report and balance-sheet of February, 1856. I knew no more of the bank than I was told by the papers sent me. I was paid the dividend, and held my shares till the bank stopped. I was a depositor.

Mr. Scott examined.—I am a stock and share broker, and acquainted with the prices of shares in the market. In the end of December, 1855, Eastern Archipelago shares were not marketable. Strand Bridge shares might probably be worth about £5 per share. I never heard of Warkworth Dock Company shares in the market. [All these shares were M'Gregor's securities.] The shares in the Irish Beetroot Sugar Company had no value. There was no market for shares in the Irish Peat Company. Shares in the Chartered Australian Land and Gold Company had no value, unless a few shillings per share. I am speaking of December, 1855.

Mr. W. Cooper.—I am clerk to Mr. Lee, the official assignee in bankruptcy. The debts proved against the bank under the bankruptcy were £537,646 1*s.* 6*d.* The total amount collected was £279,083 3*s.* 8*d.* A sum of £5000 was retained by the official assignee as an indemnity, and the sum of £33,000 was outstanding; making a total of £317,083 3*s.* 8*d.* That is independent of the capital subscribed. The capital subscribed (£150,000) was all lost; and no debt was proved in respect of capital. Among the assets I put down the Welsh works at £6000. There was an agreement

made, on the 8th of February inst., for the landlord to take the works off the hands of the assignees for that sum. That was the best agreement which could be made.—Cross-examined: The agreement was made five days before the trial. The messenger had the management for a year. The official assignee found the funds. There have been two dividends made. The first was 5*s*. 6*d*. and the second 2*s*. 6*d*. in the pound. We expect 2*s*. more. Under the winding up there will be 4*s*. from the contributaries, and perhaps more. We have paid 10*s*. in the pound from the property of the bank. The legal expenses under the fiat have been about £8000. That was for "working the bankruptcy." (Laughter.) The expenses in all will be £20,000. The official assignee's item is included in the £20,000. Including the official manager, it will be £22,000. Those are all the expenses up to this time. If more work is done, there will be more to pay. I do not know whether they let the water into the mine, and drowned the mine. The landlord brought an ejectment for a forfeiture, while the messenger was working the mine. The agreement to give up the mine for £6000 was made as a compromise. [The agreement was here read, by which the action was settled, and the mine (the Cefn), including plant, etc., given up for £6000.] The £6000 was paid for the machinery, and the interest. The assignees could not find a purchaser. It is the trade assignee who sells the property. I do not know the mine was valued at £40,000. The £22,000 includes £2700 for the official assignee; £1000 for the chief registrar, and also messengers, managers of Welsh works, and surveyors, etc. The £5000 is also included in the £22,000. There was also a long controversy in Chancery between the bankrupt authorities and winding-up authorities, upon which, after a decision of the Vice-Chancellor, there was an appeal.

Mr. Johnson examined.—I am the official assignee in the bankruptcy of Humphrey Brown. I produce the proceedings. The adjudication was on the 30th of July, 1857. There is not one shilling assets. A statement in the proceedings of assets says that there are £650 good debts, £1610 other debts, and £310 which will be paid to petitioner, on the sale of some property, not saying what. The amount of debts is not stated in the petition. —Cross-examined: There were proofs, at the choice of assignees, of £3321 13*s*., but all are through the British Bank, except two, one of which, for £246 17*s*., was adjourned for consideration, and the other for £32 10*s*. There is no proof by the British Bank.—Re-examined: Those creditors who have proved did so, for choice of assignees. The last examination is not yet over, and proofs may be tendered till then.

Mr. Draper.—I am the clerk of the official assignee in Cochran's bankruptcy, and he was adjudged bankrupt on the 10th of July, 1857. The proceedings have advanced to outlawry, which was on the 7th of September, 1857. We have received £147 8*s*. 11*d*., and also £475 for the sale of shares

in a ship—in all, £622 8*s.* 11*d.* Only two debts were proved; one by the official assignee of the British Bank for £7829, and the other by the official manager for £1500.—Cross-examined: Cochran is described as a merchant and shipowner, of the South Sea House. I do not know that he (Cochran) is a native of Nova Scotia. I do not know that he has taken his property, and gone to Nova Scotia.

Mr. Cooper again examined.—Humphrey Brown's securities have realized to the bank the sum of £20,816 15*s.*; M'Gregor's, £1188 12*s.* 6*d.*; Cochran's, £2017 10*s.*; Blacker's, £375. The Islington Cattle Market Company's debt has realized *nil;* Gwynne's debt, *nil;* Mullins's debt, *nil;* Cameron's debt, *nil.*—Cross-examined: Brown's ship, the "Magdalena," was insured for £7000. The amount has not been received from the insurance office; but it will produce £6800. I do not know of a claim by Brown of £2000 against Walton. I think the assignees do not make the claim. We expect to get £2000 from Cameron's property at Dingwall, after paying off the first mortgage of £3000. I do not know the property was valued at £10,000. I do not know the stock was valued at £6000.

Mr. James wished it to be taken that, according to the valuation made by Messrs. Fuller and Horsey, employed by the assignees, the value of the Welsh works, on a forced sale, was stated to be from £13,000 to £14,000; and about £38,000 to a willing purchaser, subject to arrears of rent (£1500 to £2000) and dilapidations.

Mr. Linklater was here called, and gave some explanations respecting some pencil-marks which he had made on a document given in evidence.—Cross-examined: The sum of £660 has been deposited with the arbitrator on Brown's debt to the bank. There is a reference as to Brown's debt; that is not included in the £20,816 15*s.* which has been realized of Brown's estate. Owen has paid the note for £446. He was hardly aware that his name was on the note, but he has paid the amount. He owes nothing to the bank.

Mr. Paddison again cross-examined.—The advance on the Welsh works began by discounting a bill for Mr. Dümmler, who, upon reference, was considered to be a good security. I remember, in September, 1855, Kennedy proposed that there should be City men put on the board, and I remember that Brown offered to resign, to make way for them. Cameron, on Mullins's death, urged that I should be continued as solicitor, as well as secretary. Cameron read to me the letter of the 2nd of June, 1856, which has been read, before he sent it. [Mr. Paddison here read a statement, from which it appeared that, when the bank stopped, they had in cash at the head office, £18,039 5*s.* 7*d.*; in the Bank of England, £7982; in London bills, £94,757; in country bills, £5835; total, £126,613 5*s.* 7*d.* And at the branches:—In cash, £19,905; in bills, £43,113; making a total of £189,631 5*s.* 7*d.*, on the last day, after they had paid large sums.]

Mr. Atherton said, this concluded the case on the part of the Crown.

Lord CAMPBELL, addressing Sir F. Kelly, congratulated him on his appointment to the office of Attorney-General, and called upon him to take precedence in addressing the jury.

The ATTORNEY-GENERAL then rose, and said he thought he ought to ask his Lordship whether, looking at the dates of the balance-sheets, of June 30, 1855, and December 31, 1855, and the conduct of Mr. Stapleton, he (the Attorney-General) ought to be called upon at all to address the jury.

Lord CAMPBELL said he thought the cases made against the several defendants varied very considerably; but he must leave the matter in the hands of the gentlemen who were conducting the prosecution.

Mr. ATHERTON said that, in the discharge of his duty, he should ask the opinion of the jury on the case of Mr. Stapleton.

The ATTORNEY-GENERAL then rose and said—Gentlemen of the jury, although the anxiety which I cannot but feel on behalf of the gentleman who now sits before me has induced me to make the application which you have just heard, I will ask you, now that the case on the part of the Crown is concluded, whether there is one scintilla of evidence affecting the honour and character of Mr. Stapleton? I must confess it was with sincere regret I heard the answer of my Lord, and it was not without some surprise that I heard the determination come to, on the part of the Crown, to take your opinion on the case of Mr. Stapleton. From day to day, during this long and important case, at every moment, I have longed for an opportunity of bringing under your calm, patient, and impartial consideration the case of the gentleman who has intrusted his interest to my hands; for if, at the close of this great case, he should leave this court with one slur or suspicion on his character, no man in this free country, where, I believe, justice is administered with a nearer approach to perfection than in any other country in the world—it will be impossible for any man to hold his position in safety in such an establishment as the late Royal British Bank. Let me, in the first instance, call your attention to what the charge now is against Mr. Stapleton and the other gentlemen, and particularly to the time to which the charge is confined. It is quite essential that I should do this, in order that you may appreciate the bearing of the facts, and the conduct and motives of Mr. Stapleton in this case. The period of time at which the conspiracy is said to have been formed is, from the early part of December, 1855, to the 1st of February, 1856, when the balance-sheet and report, up to December the 31st, 1856, were published to the shareholders. The charge is, that Mr. Stapleton knew the balance-sheet to be false when it was presented to the general meeting, on the 1st of February, 1856; and if you find that he did know it to be false, it will be your duty to find him guilty. It is said he knew the balance-sheet to be false, and that, too, to the extent of £100,000, or more. That is the charge which the counsel for the prosecution are bound to prove to

you. The learned Attorney-General then proceeded to call the attention of the jury to the facts of the case, and the date when Mr. Stapleton became connected with the bank. He became a director on the 31st of July, 1855, and if the bank was ruined on the 31st of December, 1855, it was ruined on the 30th of June, 1855, and Mr. Stapleton, when he joined the bank, became a ruined man. But the fact is, he was the deceived and not the deceiver. In August, 1855, Mr. Stapleton was an entire stranger to all those circumstances which had taken place from the formation of the bank; and, instead of being the deceiver, he was the victim. He was the relation of Sir James Matheson, a director of the Bank of England, and member of Parliament, and, on his recommendation he was induced by Cameron to become a shareholder and director of the Royal British Bank. He was also a member of the bar, and, though of good family, he had but a small income, and, not meeting with much success at the bar, he sought to find occupation for his time by joining the bank. He was what the jury would well understand was meant by the term "a West-end Director," and, at that time, was utterly ignorant of banking. Among the gentlemen connected with the bank was Mr. M'Gregor, a member of Parliament, whose character at that time stood high. There was also Mr. Humphrey Brown, a large shipowner and member of Parliament; Mr. Walton, a member of a large City house; Mr. Alderman Kennedy, a City gentleman of large fortune; Mr. Esdaile, a name identified for half a century with the banking interest in London; and Mr. Cameron, who at that time, from his connections in Scotland, and his then character, stamped respectability upon the bank. It was also something that Cameron's own son-in-law, Macleod, had embarked his whole fortune in the bank, which had rendered him now a ruined man. The learned Attorney-General here read extracts from the report to June the 30th, 1855, in which a favourable account was given of the progress of the bank, since its formation in 1849, stating that £100,000 new stock had been subscribed, and that the directors had allotted to respectable applicants another 1000 shares, representing an additional capital of £100,000, of which £50,000 had been paid by the allottees. Mr. Stapleton became a purchaser of some of the last of the third 1000 shares, and was led to believe that the company had a capital of £300,000, half of which was paid up. He also read a passage which stated that "the customers of the bank and their operations have continued steadily to increase; more than a thousand new accounts have been opened during the past year, and the number now in operation is considerably above six thousand." He also referred to the balance-sheet up to the 30th of June, 1855, which, "after making a provision for bad debts," represented that there was a disposable balance of £30,525 8*s.* 6*d.* The balance-sheet presented to the general meeting on the 1st of February, 1856, and which was submitted to the board on the 29th of January, was

the identical balance-sheet of the 30th of June, 1855, the figures only being altered. It is now suggested that Mr. Stapleton must have known that the balance-sheet upon which he had become a director, on the 31st of July, was false, to the extent of £200,000, and that he conspired with some persons to defraud the shareholders and the public. If he had been connected with other speculations, and had drawn out large sums for his own benefit, there might have been some ground for suspicion; but the fact is, that he drew out nothing. On the contrary, he has paid into the bank, in all, from £3000 to £4000. In the first place, I deny that it is true that, at this time, there were bad debts to the extent of £200,000, or £100,000, or to any considerable amount. I am not interested in proving this, but I trust my learned friends who represent the other defendants will be able to satisfy you on that point. If the balance-sheet was false, who is responsible for that? Is there any evidence that any one but Mr. Cameron is responsible? Is it shown that any one of the directors had anything to do with it, but Mr. Cameron and those who acted under him? In defence of Mr. Cameron, I must, however, say that he is a Scotchman, and that from his acquaintance with the Scotch system, he probably may have felt himself precluded from dealing with bad debts in the way that the merchants of this city would think they ought to be dealt with. Mr. Stapleton joined the bank on the 31st of January, 1855, and, after attending only one or two meetings, he went to Scotland for what the lawyers call the long vacation. He attended on the 2nd of October, when he again went to Scotland, in consequence of the death of his sister, who met her death by falling from a precipice, and did not attend again till the 16th of October. From that time he regularly attended to his duties as a director, down to the 29th of January, 1856, when the balance-sheet to December 31st, 1855, was adopted, and to the end of the bank. The learned Attorney-General proceeded to observe how much more difficult it was to unlearn than to learn. Mr. Stapleton came into the bank with a fabric, as it were, erected in his mind as to the bank's condition, erected by the character and position of the directors, and the fact that the bank had twice obtained the sanction of the Crown, by its first and supplemental charter. How, then, was the balance-sheet prepared? It was entirely done by Mr. Craufurd, and those who acted under him. Certain "tabular statements" have been produced in evidence, upon which, it is said, the balance-sheet was founded. But it has not been shown that Mr. Stapleton had ever seen them, nor, in justice to the other defendants be it said, has it been proved that any one of the directors ever saw them. In fairness to those defendants, against whom, rightly or wrongly, more suspicion might have rested, it might have been expected that the Crown would have omitted Mr. Stapleton, in order that an opportunity might be afforded of showing what had occurred at the meeting on the 29th of January, when the balance-

sheet was adopted. At that meeting, if at all, the conspiracy was entered into, or perfected; but, strange to say, there is nothing to show either what occurred, or what was said, for even Mr. Paddison, no inaccurate observer, could not tell one word of what had taken place. How, then, can it be surmised that Mr. Stapleton, who had risked his all on the balance-sheet of June, 1855, had found out, before the 29th of January, 1856, that that balance-sheet was false, and that, instead of having £30,000 balance in hand, the bank was in debt to the extent of £100,000 or £200,000? If he had made that discovery, would he not have exposed the fraud publicly, and denounced the injury which he had sustained, or have abstracted his money, and quietly withdrawn, as Mr. Dakin did? In listening to the eloquent and able statement made by my learned friend, Sir F. Thesiger, in his opening speech of four hours' duration, I watched with anxiety to hear if there was one fact on which my learned friend relied to show that before February, 1856, Mr. Stapleton knew the balance-sheet was false. I now challenge my learned friend (Mr. Atherton), who will reply upon this case, to show, if he can, that there is any such evidence. The only points that can be relied upon will be Brown's debt, the Welsh works, the debt of Oliver, and Blacker's debt. With these exceptions, there is no evidence to show that Mr. Stapleton's attention had ever been drawn to any of the other debts spoken of. It appears that, on the 14th of November, 1855, Mr. Stapleton attended the finance committee, when eleven bills were submitted for discount, amounting to £1841 11*s.* 6*d.* The committee discounted all, excepting two, amounting to £261 13*s.*, and under the sum of £1579 18*s.* 6*d.* Mr. Stapleton signed his name "J. Stapleton." At the next meeting of the board, on the 20th of November, he observed an entry in the "bills for discount book," in the handwriting of Cameron, under his, Mr. Stapleton's, name, showing that, without authority, he (Cameron) had discounted Mr. Brown's bill for £400. Mr. Stapleton called the attention of the board to the circumstance, and thus, from that moment, he made Mr. Brown his enemy. And yet it is said Mr. Stapleton conspired with Mr. Brown and the others, though it appears that from that moment he acted in opposition to them. Mr. Cameron, who had written a book on banking, according to the "Scotch system," appears to have been acting in accordance with that system when he discounted Mr. Brown's bill for £400, his principle being, that the legislative should not interfere with the executive. At that same meeting, a resolution was moved by Mr. Esdaile, on the 20th of November, and seconded by Mr. Owen, and passed, that, at the next meeting, a committee should be appointed to investigate and report on the "convertible securities" of the bank; and, accordingly, at the next meeting, on the 4th of December, a committee was appointed, consisting of Esdaile, Stapleton, and Macleod. The committee reported, on the 18th of December, that Mr. Brown's secu-

rities were insufficient, and that he should be called upon to give further security. The directors, on that report, resolved that Mr. Brown should be requested to give further security, and that the ships on which the bank had security should be realized as they came to port. From that hour till the 22nd of July Mr. Stapleton never ceased till he had removed Mr. Brown from the direction. The bank had security on ships which, according to one estimate, were valued at £40,000, and according to another estimate, at £50,000; but, in consequence of Mr. Stapleton's interference, further securities were given to within £3000 of the whole debt of £74,000. They did not realize that amount; but it must be borne in mind that there had been a depreciation of 40 per cent. in the value of shipping. Nevertheless, when the ships were sold, they fetched nearly as much as they were valued at by Mr. Walton, a highly respectable authority, and well acquainted with the value of ships. Under those circumstances, would Mr. Stapleton have been justified in rising up in the board, and proclaiming that Mr. Brown, a large ship-owner and member of Parliament, was insolvent? Would it not have been, I will not say unjust, but wicked for him to have done so? I am mistaken in stating that further security had been given by Mr. Brown. That security was not, in fact, given; but still I contend that, considering, the depreciation which had taken place in the value of ships when Brown became a bankrupt, there was no ground for believing that in January, 1855, his debt, or any part of it, was to be regarded as a bad debt. What would have been thought of Mr. Stapleton if he had got up in the board, under such circumstances, and told them that they knew nothing about banking, that they ought to put no confidence in Mr. Cameron, the general manager, nor in the accountant, nor even in the auditors; but that they ought to attend to him, a young man of three months' experience, and altogether remodel their balance-sheet, and publish to the world that Mr. Humphrey Brown was an insolvent debtor? The learned counsel then proceeded to the question of the advances made on the Welsh works, and observed that a property of that kind, coal and iron mines, must be liable to great variety in the estimate. A sanguine man might value them at a much higher rate than a sober man of business; but the wisest course to be taken by a man like Mr. Stapleton would be to form no opinion at all of his own, but to send down some trustworthy person, who, with competent assistance, should form a correct estimate. The works in question were estimated at every variety of sum, between £100,000 and nothing. Messrs. Fuller and Horsey valued them for the assignees of the bank at £38,000. In 1851, the works were valued by Hiram Williams at £94,000, and nothing has been proved to show that that report was false. In March, 1856, they were valued by Mr. Strick at £26,000 a-year; and his valuation was supported by that made by Mr. Beveridge. With the exception of these, and Oliver's and Blacker's debts,

I say nothing of any of the other debts due to the bank, because they were all in the balance-sheet before, and they were not discussed afterwards. As to Oliver's debt, it appears it was once discussed at the board, but it did not appear that the account had been wrongly kept. As to Mullins's debt, Mr. Paddison himself said it was premature to deal with that. What, then, was Mr. Stapleton to do? The balance-sheet was drawn up in a manner to deceive; it stated that the gross balance for the year ended the 31st of December, 1855, "after making a provision on account of bad debts," etc., amounted to £30,551 2*s.* 7*d.* With respect to Blacker's debts, amounting to £4000 or £5000, all that was proved was, that, towards the end of December, a report was made to the board that some of his bills would not be taken up. Only about £1000 worth were then due; and, in the very next month, the sum of £1000 was added to the bad debt fund. It could not be pretended that, when Mr. Stapleton joined the bank, he knew anything of its condition.

Lord CAMPBELL said it was admitted by the prosecution that, when Mr. Stapleton came into the bank, he was ignorant of its state.

The ATTORNEY-GENERAL said—I defy my learned friend (Mr. Atherton) to point out one scintilla of evidence to establish the charge, that Mr. Stapleton knew the bank was in an insolvent state. I say there is none whatever, and that Mr. Stapleton, even until the end of the bank, never believed it to be in an insolvent state. I do see that, in the course of his long warfare with Brown and Cameron, whom he at last vanquished, there is some evidence to show that he thought the credit of the bank was shaken; but he believed in the solvency of the bank to the very last; and, in the month of August, 1856, when it was proposed to make a dividend, he opposed the proposition, and insisted that, instead of a dividend, there should be a call. He knew that losses had been incurred, which called upon them to make sacrifices; but he always believed that, with sound management, and with men of integrity at the head of affairs, the bank might retrieve its position, its prosperity might be re-established, and it might be made one of the leading institutions of this city. In the month of August, 1856, he wrote a letter to his relation, Mr. Alexander Matheson, in which he stated his belief in the solvency of the bank, and that was only a few days before its failure, which took him entirely by surprise. I solemnly appeal to you, and to my learned friend (Mr. Atherton), to say, what is the evidence in this case which casts the shadow of a suspicion on the honour, good name, and respectability of Mr. Stapleton?

Mr. Serjeant SHEE then rose and addressed the jury for Mr. Kennedy. He said that, although the matters to which he would have to refer were different from those to which the learned Attorney-General had addressed himself, it would be unpardonable in him to trespass unnecessarily upon their time. True it was that the gentleman for whom he appeared was not

a man of noble family, nor of small and humble fortune. Nor was he a commercial man, but he had spent the best part of his life, thirty-two years, in the service of his country in the East Indies. He was the son of a general officer, and had entered the service early in life; and, after thirty-two years, he retired from his office of Physician-General at Bombay, in the highest estimation for his honour and integrity. Having arrived in his native land, at fifty-five years of age, and with a competent fortune, he was anxious to employ himself in a manner useful to himself and country. He became a member of the Corporation of the City of London, and, in the year 1854, was elected alderman of the ward of Cheap. Whatever might be said by those whose sole distinction was the accident of their birth, and who were accustomed to speak slightingly of the Court of Aldermen of the city of London, it was to the honour of that court, that they never allowed any man to remain a member whose character was liable to any suspicion as to his credit. The fact, therefore, that Mr. Kennedy was a member of that court was a strong presumption in his favour. The jury would bear in mind that the whole of a very considerable fortune was staked by him, when he became a member of the British Bank; and it did not appear that, from first to last, he had ever trafficked or traded in shares, so as to gain one single shilling. He remained till the end of the bank, endeavouring to do the best he could for the establishment. Having said so much concerning the respectability of his client, the learned serjeant said he should call the attention of the jury to the facts which he had to lay before them. In the case of Mr. Stapleton, the jury had been reminded that he had come very late into the direction of the British Bank. Mr. Kennedy, on the contrary, was one of its original promoters. He would consider the case under three divisions of time. The first was, from the formation of the bank, in 1849, till Mr. Kennedy left it, in 1850. The next was from the year 1854, when he returned to the board, down to the month of August, 1855; and the third from August, 1855, down to the close. He would then consider what evidence there was to show that there was any conspiracy among the defendants on this record. Being a member of a Scotch family, Mr. Kennedy became acquainted with Mr. M'Gregor, a gentleman who had been secretary to the Board of Trade, who had enjoyed the confidence of the late Sir R. Peel, and had resigned that situation, where he had a salary of £1500 a-year. He (Mr. M'Gregor) was member for the city of Glasgow, and stood high among those who, not having been born to hereditary wealth, were yet able to achieve political distinction. Mr. M'Gregor was connected with Mr. Mullins, of whom Mr. Paddison at that time must have had a high opinion, when he chose him as a partner. By Mr. M'Gregor and Mr. Mullins, Mr. Kennedy was introduced to the bank. Soon after that, when a proposal was made for voting a large sum of money

to Mr. M'Gregor, Mr. Kennedy opposed the proposal, but he could not find a seconder. On that ground, and because there was a bill brought before the board which looked very much like one for the accommodation of Mr. M'Gregor, he left the bank in 1850, but without any diminution of respect for Mr. Cameron. He did not return to the bank till October, 1854, and, in the meantime, all the principal debts, including those on the Welsh works, had been incurred. The next preceding report was that of June, 1854, in which the directors stated that "the business of the bank continues to improve. The number of accounts now open is 5562, in which the operations during the past half-year have amounted to £19,089,864 11*s.* 8*d.*, being a large addition to the amount for the preceding six months." Though he had left the bank in 1850, he had watched its progress with great interest; and, seeing from the reports that there was a gradual increase in its operations, that provision had been made for bad debts by a bad debt fund, and that the reserve fund had increased, he could come to no other conclusion, unless Cameron and the rest of them were cheats and swindlers, than that he might safely rejoin the British Bank, and risk all his fortune in it. Mr. Spens, Alderman Kennedy's brother-in-law, was a director; Mr. Esdaile was the deputy-governor. In August, 1854, he rejoined the board; but in the month of August, 1855, when his shrievalty was about to commence, he said he would be unable to attend during the next year, and, in fact, he did not attend again till February, 1856. From 1854, there was nothing brought before the board till he discontinued his attendance in August, 1855, which could lead him to suppose that there was any danger from the Welsh works. Had he entertained any suspicions, it was not probable that he would have introduced his own brother-in-law, Mr. Valiant, to the bank as a director. He was not a member of the past-due bills committee. He did, in truth, know that there were some losses which had been incurred, and that there was what he called a "lock-up" of capital, in the advances made on the Welsh mines; but, at the same time, he knew that, under the charter, the investment of money on landed property was legitimate, and there was nothing to show him that there was any want of honour or integrity in those investments. The learned serjeant here referred to what was stated to have occurred at the board in May, 1855, in reference to the seventy-first clause of the charter, when Mr. Brown said the bank had lost one-fourth of the paid-up capital and reserved fund, and that they ought to call a meeting to dissolve the company. It appeared, from the account which Mr. Paddison gave of what took place on that occasion, that Mr. Brown was entirely in error, when he alleged that the bank had already lost one-fourth of their paid-up capital. Mr. Paddison corrected Mr. Brown's statement as to the estimated value of the Welsh works, and there was every reason for coming to the conclusion that Mr. Kennedy, after

making the necessary inquiries, was led to believe that the bank was solvent. It was clear, however, from what passed on that occasion, that sufficient impression was made on his mind to lead him, on the 15th of May, 1855, to prepare the memorandum which had been read in evidence.

"I cannot [he says] but consider the retirement of Mr. Spens as something serious, and requiring a serious course on our part. It occurs at a most unfortunate time, and interrupts the progress I hoped I was making towards strengthening the board. No one is more deeply interested than yourself (Cameron), and I wished to press this, your personal interest, upon you very emphatically, and to beg you not to allow yourself to be misled by false hope, or deceived by your own wishes, and to give me your professional assistance, taking Craufurd and Duncan into council, and, as a result, weighing them 'pro' and 'con' very carefully to report on the following points:—1. How far are we really compromised by the various untoward occurrences which have befallen the bank—the iron works, Gwynne, M'Gregor, Mullins, Oliver, etc.? 2. The real *bonâ fide* commercial or legal deficit by bad debts and losses generally, and our personal liability to our shareholders through your last report, as contrasted with the necessity we lay under to communicate such a deficit to them when it attained to twenty-five per cent. of the capital. 3. What are our prospects of business to relieve past disasters? Do they justify going on, even supposing the charter would warrant our doing so; for, as respects an appeal to our shareholders, to state losses, and obtain their acquiescence to relinquish dividend, and whip up to restore lost capital, I should pronounce it at once as simply puerile, and the most certain and ignoble course of official suicide. If four good men were to join the board, and the public would subscribe 2000 more shares, I should have no fear of the future; but this does not appear likely."

That paper was put forth as the main evidence against Mr. Kennedy. It was certain that he did not know the full particulars, though it could not be denied that there had been a very inconvenient lock-up in the Welsh works. He also must have known that Mullins had abused the confidence of the bank, and that Gwynne and M'Gregor were debtors of the bank; but he could not know that the security given by Gwynne on the Bush Mills was not good, nor that M'Gregor's securities were worthless; and, as to Oliver's debt, it was not known at that time what the bills of Oliver would produce. The letter was the letter of a man who did not know, and wished to get explanation. The loss upon those bills was now known, though it could not be so then. Mr. Kennedy went to Cameron, who had the most knowledge on the subject, and asked him to give an explanation. He found that Mr. Cameron and Mr. Barnard were then actually engaged in investigating the accounts of the bank. He found that they had marked

the good bills with a triangle, the bad with a cross, and the doubtful with a round O; and thus, finding from the balance-sheet that the business and reserve fund had increased, and that Mr. Cameron and Mr. Barnard expressed no alarm, it was natural that he (Mr. Kennedy) should feel satisfied with the condition of the bank. The learned serjeant then referred to the character given of Mr. Stapleton by Mr. Paddison, who stated that he had never seen anything in him that was inconsistent with the highest honour and integrity. That was the gentleman with whom Mr. Kennedy was said to have "conspired." He also gave similar testimony to the character of Mr. Kennedy, with the single exception which he mentioned, as to his not supporting Mr. Cameron in his proposal, in reference to the seventy-first clause of the charter. Mr. Paddison stated that he had heard on the same day from Mr. Cameron, that the gentleman who had asked him to bring the matter forward, and who did not support him, was Mr. Kennedy. The truth was, that Mr. Spens, Mr. Kennedy's brother-in-law, was present, and in a rage said to Cameron, "Pshaw, you are always throwing that bugbear in our faces." Mr. Kennedy knew, from what had already occurred, that it would be useless to press the matter, and so allowed it to drop. The learned serjeant contended that there was every reason to suppose, that, if these Welsh works had taken the fortunate instead of the unfortunate turn before the bank was attacked and cried down, he would not say by rivals, but by those parties whose names he did not know, things would have taken a very different turn. With respect to the balance-sheet, the learned serjeant observed, that it was framed in the way which had been usual since the formation of the bank, a provision being made for bad debts, according to the plan originally proposed by Mr. Cameron, in his report laid before the directors, and also for the creation of a "reserve fund" to meet extraordinary losses. It appeared Mr. Kennedy had made inquiries as to the state and condition of the bank, and the fair inference was, that he was satisfied it was secure. The jury would bear in mind, that, in June, 1855, Mr. Kennedy was elected one of the sheriffs for London, and entered on his office on the 29th of September, 1855. The duties of that office, in the exercise of hospitality, and in attendance on the judges in the Central Criminal Court, occupied his time by day and by night, and it was impossible he could have discharged those duties, if he had known that by his misconduct he was risking the loss of character, and the ruin of his own and others' fortunes. From the 29th of September, 1855, to the 29th of September, 1856, Mr. Kennedy was engrossed by the duties of his office. During the whole of the time when the alleged conspiracy was hatched, he was not there at all. The learned serjeant said he did not like to make complaints, but still he thought that if the Crown would not let them both off, they might, at least, have let off one (Stapleton or Kennedy), in order that the other might be examined as a witness. It was proved that Mr.

Kennedy was not at the board at all from the 11th of August, 1855, to the 5th of February, 1856. He never saw the balance-sheet, and never discussed it; but he saw it signed by the auditors, and found to be correct, when presented at the general meeting which he attended on the 1st of February, 1856. He had induced his brother-in-law, Mr. Valiant, to become a director; and, on the 5th of February, after an absence from twenty-four boards, he attended and proposed Captain Valiant, and, on the 12th, attended to introduce him, and to share the charge of conspiracy. He also induced his nephew, a clerk in the Foreign Office, to deposit in the bank a sum of money which he had gained as a prize at Cambridge. He induced his own mother-in-law, Lady Valiant, to become a customer, whereby she had lost a sum of above £600. Did they believe that a gentleman who had acquired a large fortune in India, who was the son of General Kennedy, an officer who had gained a large territory in India, would make the rest of his life miserable, by entering into such a conspiracy as the one now suggested? He did not appear to have made a single sixpence by his connection with the bank. He had had no accommodation, but he opened an account, and paid in money, and got his friends to do the same. After some further comments upon the evidence, the learned serjeant concluded by calling on the jury to think long and anxiously before, upon such evidence, they found Mr. Kennedy guilty of the conspiracy charged against him.

Mr. Edwin James then addressed the jury for Mr. Esdaile. He said, it now devolved upon him to address them on the case of Mr. Esdaile, and, in so doing, he should contrast it with the cases of the other defendants, and point out that, even if he had acted imprudently and too credulously, there was nothing to show that he had acted with any criminal intent. In the fair discharge of his duty, he should draw a broad distinction between imprudent and too sanguine conduct, and the guilty desire to defraud any human being, from the time when Mr. Esdaile became connected with the bank, to the time when the vessel went down. The verdict of the jury would solve the great question. It had been his (Esdaile's) misfortune to be held up to the public as a swindler, and it had been published on the wings of the press to every part of the world, that the directors of this bank were a gang of swindlers, who were banded together to rob the public. That was the charge which the Crown had undertaken to prove beyond all reasonable doubt. It was Mr. Esdaile's desire that he (Mr. James) should take a manly view of the case. He had no desire to shelter himself behind the back of another director; and therefore the jury would say what part, according to the evidence, had been taken by him. Mr. Esdaile was, till lately, a partner with his father in the City Saw Mills, in the City Road, and he was also related to a gentleman well known as the founder of the London and Westminster Bank. He joined the British Bank, a bank

which, it was clear, suffered from the want of sufficient capital. Other banks—such, for instance, as the London and Westminster Bank—had commenced business with a small capital of only £50,000 paid up, but they were under no restrictions, and were able to call up capital as they chose. As business increased, they extended their capital, and made calls. But the British Bank, established since Sir Robert Peel's Act of 1844, had no such power, and they could not increase their capital without the authority of the Board of Trade. There was an instance on record where a bank now in high repute (the London and Westminster) had once incurred a bad debt of £150,000 with the Northern and Central Bank. That bank went to the Bank of England and obtained an advance of £1,000,000, upon condition that the debt of the London and Westminster Bank should be postponed. The result was, that sum became a "lock-up," much in the same way as in the case of the British Bank. The London and Westminster Bank, however, was not under restrictions, and, having power to make calls on every shareholder as it pleased, it was enabled to weather the storm. Indeed, there was no house or bank in the City which had not had its "lock-ups" in the same way. What was the position of Cameron in the British Bank? It was one of omnipotence; and, in point of fact, the directors were mere puppets. Was it ever before heard that a manager should tell a clerk not to give information to directors respecting certain accounts and transactions, under pain of incurring his severe displeasure? His position was also one of omniscience, for he knew more about everything than anybody else. Cameron could discount what bills he pleased, without their going before the directors. The Finance Committee was a farce and mockery, and Cameron might have laughed in his sleeve at the three gentlemen sitting up stairs to discount bills, while he himself was sitting down stairs, and discounting what bills he pleased. It was in the beginning of 1855, when Cameron was ill, that Esdaile assumed the chair. He soon found that Mullins had abused the confidence of the directors, and had incurred a large debt, by discounting his own bills surreptitiously. At the same time—viz., in February, 1855—Esdaile began an inquiry into Brown's debt, and immediately brought him to book. It was at that time the alleged conspiracy began; but, instead of being indicted for a conspiracy, he (Mr. James) thought they ought to have been indicted for a want of unanimity. He began by writing to Brown about his debt, and thus the parties became estranged. At the same time he found Cameron's notes for £10,600. He was told by Craufurd that the notes were given for shares; but he could never find out where the shares were. A correspondence with Cameron ensued, but Esdaile could never come at the bottom of this question of Cameron's shares. He pressed Cameron for security, and eventually that security was given, on the "Scotch principle," which had so puzzled Mr. Paddison. He next wrote to Gwynne, another director, to

give security for his debt; and thus he became estranged from some of the very partners with whom he was now said to have conspired. With respect to the balance-sheet, that was in the same form as had been used from the beginning, and such as was used in every other bank, at least, every bank established on what was called the "Scotch principle." It was said that the bad debts ought to have been written off; but it was proved that, in a bank established on that principle, it was not usual to do so, under ten years. There could be no doubt that the great incubus upon the bank had been the Welsh mines. Whether or not it was prudent to make further advances was a question which it was very difficult to determine; for, according to "Gilbart on Banking," it was sometimes necessary and prudent so to do, in order to save the money already lent. The first advance was made to a Mr. Dümmler, who came to the bank recommended by the Bank of England; and it must be borne in mind that the Galvanized Iron Company had expended as much as £200,000 upon those mines, before the bank had taken to them. In 1852, an offer was made to the bank to take them for £50,000, and they were valued by Messrs. Fuller and Horsey, for the assignees of the bank, at £38,000, the plant being valued at £13,000 or £14,000. But it appeared they had been sold, or rather sacrificed, by the assignees for the sum of £6000. The business of the bank was prospering, but it was exposed to the attacks of anonymous libels; and how few houses or homes were there that would not be made miserable, if a series of libels were published against them day by day! The credit of a bank was like a woman's virtue; you might breathe upon it, and it was destroyed. It was proved that 1900 new accounts had been opened, and the bank was retrieving itself, when these anonymous libels were sent among the shareholders. The consequence was, the shares went down, and the catastrophe came upon them with dismay.

"The engineer
Who lays the last stone of his sea-built tower,
That cost him years and years of toil to raise,
And, smiling at it, bids the winds and waves
To roar and whistle now, and in one night
He sees the tempest sporting in its place,
Can't stand aghast as they did."

A deposition made in Chancery, in March, 1857, had been produced as evidence against Esdaile, the most striking feature of which was, its truthfulness and absence of all reserve. That was made, after all the accounts had been inquired into by Mr. Anderson, who had been engaged upon them for six months; and it was not surprising that Mr. Esdaile should have said, "I now know that at the time of the balance-sheet the bank was in insolvent circumstances." In a certain sense, it was so; but still its business was prospering, and, if it had had the means, it might have now been in the position of the London and Westminster Bank, with its capital of

£1,000,000, and its deposits of £13,000,000. Mr. Esdaile had never gained one sixpence by the bank, though, if he had pleased to be dishonest, he might have obtained money to any extent he liked. It was proved he was a man of high honour and integrity; and for any imprudence of which he had been guilty, he had already severely suffered, in sleepless nights, in anxious days, and being held up to public ignominy. Those attacks which had been made upon him were calculated to make even the hand of the learned judge—the firmest that ever held the scales of justice, waver; but he trusted that an appeal would not be made in vain to a jury of English gentlemen, to draw a distinction between imprudence, and what was wrong. At the close of his address Sir F. THESIGER had referred to the ruin which had fallen upon those who had been connected with the bank; but let those ruined men, many of whom were now present, recollect that Mr. Esdaile's fortunes were embarked in that same vessel; let them remember that what they had lost he had also sacrificed, for he had never sold a single share; he remained true to the last, and, when the storm came, he was found still clinging to the helm of this enormous wreck.

Mr. SLADE then addressed the jury for the defendant Owen. He said that, although he could not forget the deep stake which his client had in this case, he never rose to address a jury with more confidence as to the result, particularly after the able addresses to which the jury had listened, and which were worthy of the brightest days of the English bar. He would challenge the counsel for the Crown to point out one fact in this case which showed that Owen had been guilty of any criminality, or had done more than place a too foolish confidence in those with whom he joined. He (Owen) was in an exceptional position. He was neither a gentleman of family, nor of fortune, but merely a humble tradesman, the architect of his own fortune. He was a draper in Coram Street, who, having acquired a sufficiency by his trade, and retired into private life, in a fatal moment placed his savings in this bank, and so had lost all he possessed in the world. He would ask whether, under the circumstances, Owen was not justified in placing his honour and his property in the hands of those men? He found himself sitting at the same table with a member of Parliament, Mr. M'Gregor, a gentleman who enjoyed the confidence of the late Sir Robert Peel, and other gentlemen whom he believed to be men of honour and respectability. It was true he was, for the year 1852, a member of the past-due bills committee, and in that capacity he had to give instructions to the solicitor, when it was necessary that any parties should be pressed. But he left the board in 1854, and did not return till 1855. It was then found, by the examination of Mr. Barnard, that the bad debts amounted to the sum of £12,000; and he was led by Mr. Barnard to believe that the bank was in a safe and sound condition, and that the bad debts were only equal to the reserve fund. It was said

he must have been acquainted with Brown's debt; but, in answer to that, it must be stated that he was told it was sufficiently secured. To whom could he apply better than to Mr. Barnard, who had stated that, up to the time of the stoppage, he believed it was secure? So great, too, was Barnard's confidence in the Welsh works as a security, that he stated his belief in court, that some one would make a fortune by them yet. To whom was Owen to apply for advice? He could not apply to anybody out of the house, for he was forbidden to do that, by the unhappy declaration of secrecy. So far was he from having derived any personal benefit from the bank, that at the stoppage he was found to have a credit there for £100. On the 20th of November, 1855, he was the director who moved the appointment of a committee to inquire into the convertible securities, and he joined heart and soul with the other directors in bringing Cameron, Brown, and the other debtors of the bank to book. The learned counsel then proceeded to comment at considerable length upon the evidence, and concluded by calling upon the jury to say that his client (Owen) was not guilty of any conspiracy.

Mr. HUDDLESTON said that, in addressing the jury on behalf of Mr. Humphrey Brown, he could not conceal from himself that his task was one of considerable difficulty. He felt that he had not got those topics which his learned friends had been able to make use of to beget sympathy. He had to defend a man who had availed himself of the resources of the bank to a large amount; but, though it was not unnatural that that circumstance should create prejudice, not only in the jury box, but also elsewhere, and Mr. Brown could not complain of it, for he had brought it upon himself, the jury would do well to guard their minds from prejudice in giving their verdict. Mr. Brown's connection with the bank began in February, 1853. It was not, however, correct to say that it commenced by his paying into it the small sum of £18, and drawing out of it £2000 on the same day. The fact was, that he opened a discount account, and the cashier of the bank offered to cash a cheque which Mr. Brown had on the Gloucester Bank. At that time, he was M.P. for Tewkesbury, and, so far was he from being in embarrassed circumstances, he was well to do in the world, and was engaged in large business transactions. It was true that he had borrowed £9000 of the bank, on his promissory notes, at six per cent.; but that money was paid into his drawing account, where he would only get two per cent. interest allowed upon his balance, being a gain to the bank of four per cent. His transactions with the bank were very large—in all, as much as £400,000 in good bills having passed through their hands. The learned counsel went through a minute history of Mr. Brown's monetary transactions, and said, that whatever might be said of his taking money from the bank, as he had done, he had endeavoured with zeal and honour to place in the hands of the bank every security he possessed.

Such was the state of things at the end of the year 1854, when the bank became alarmed at the position of Walton, who was the governor of the bank, and had had large discounts. At that time, Brown was liable to Walton for notes to the extent of £25,000, upon which the bank had no security; and, by Mr. Paddison's advice, an arrangement was made by which Brown assumed Walton's liabilities, and the ships which Walton held as security were made over as security to the bank. He (Mr. HUDDLESTON) would be able to prove that those ships had cost Mr. Brown £64,000, and they, together with their freights, valued at £28,000, were made over to the bank. In 1855 Mr. Walton, himself a shipowner, had valued the ships at £68,000. Then there were the Gloucester ships, valued by Walton at £8000. There was thus at that time a value of £100,000, though, as it had been proved, there had since been a depreciation of 40 per cent. in shipping. Two charges were made against Mr. Brown, first, that he had misapplied the freight of the "Hornet," amounting to £6500, but a reference to the pass-book would show that at that very time the sum of £6000 was paid into the bank, the other £500 having gone to pay disbursements on the ship. Then it was said he had raised £4000 on the bank of Gloucester, in fraud of the British Bank, on a mortgage of the Gloucester ships; but it appeared that in December, 1854, he paid the sum of £3800 into the British Bank. A great deal had been said about a bill for £400, which Mr. Cameron had discounted for Mr. Brown, and the matter was discussed at the board; but, if the jury would only look into the book, they would see that that bill, which was a trade bill, drawn upon a person named Cook, had been paid. With respect to the value of the ships, Mr. Walton himself had reported to the bank that they were worth £41,300, independently of the freight; and, since then, it was proved there had been a depreciation of 40 per cent. in the value of shipping. If the jury would allow for that depreciation, the amount for which the vessels sold would bring them up to that price. But, strange to say, not one of the acts now urged against Brown had been put in "the overt acts" in the information. He was charged with conspiring with the other directors falsely to represent that the bank was solvent, by preparing and submitting a false balance-sheet. Now, that balance-sheet went three times before the directors—on the 15th, 22nd, and 29th of January, 1856. On the first two occasions, when it was argued, Mr. Brown was present, but, on the third occasion, when the balance-sheet was settled, he was absent from the board. He had also objected to the issuing of new shares; and it was proved that he had called the attention of the directors to the 71st clause of the charter, and told them that it was their duty to call a meeting of shareholders, to dissolve the company. Where, then, was the conspiracy? Was it with any or all of those members of the board who were said to have distrusted him? It was to Mr. Brown's credit, that

when it was proposed to strengthen the board by the addition of some City names, he offered to resign to make way for them. The learned counsel, after a lengthened argument on the case of his client, called upon the jury to say that he was not guilty of the conspiracy charged against him.

Mr. LAWRENCE addressed the jury for Macleod.—He said, he thought he ought to tell them who and what his client was. He was a member of an ancient and honourable Scottish family, of which Scotland might well be proud, the son of a gentleman who was lord-lieutenant of the county of Ross, and represented that county in Parliament. From all the associations of his boyhood and early manhood, he had every incentive to pass through life in the paths of rectitude and honour. Having passed through an honourable career of study at one of our universities, he became a member of the Inner Temple, and in 1849 was called to the bar. From every person who had known him, he had the highest character for truthfulness and honour, and he had never lost that character. In the year 1853, he became a shareholder and director of the Royal British Bank. For some time, he was absent on his wedding tour, and it was not until the end of the year 1853 that he took any part in the business of the bank. In that early period of the bank, there prevailed a system of secrecy, and Mr. Cameron, the general manager, was paramount and omnipotent in the court of directors. Macleod was not a person of any commercial experience; he had studied his own profession theoretically, and had attended once or twice on the Midland Circuit, but he had no knowledge of commercial affairs, and was recommended by a very high authority, the Baron von Hammer, a great Orientalist, to trust to the character and experience of Mr. M'Gregor. Macleod was not the only one who so trusted. And how could he do otherwise? How could he suspect such a man as Mr. M'Gregor? Was he, then, to suspect his own father-in-law, Mr. Cameron, a man in good repute, a man of wealth and experience, and the father of his newly-wedded wife? Or was he to suspect Mr. M'Gregor, and the other members of the board, where he found traders, merchants, and persons connected in every way with commerce? What man could harbour suspicion, under such circumstances? He had acted in a generous and manly spirit. In the first instance, he purchased 10 shares from Mr. Cameron, and then 10 more, and afterwards paid his deposits on 77 new shares, so that he had in all paid as much as £5000 into the funds of the establishment. In February, 1855, the illness of Mr. Cameron caused anxiety in the minds of the directors of the bank. It was found out that Mr. Cameron was indebted to the bank, and no one was more surprised at the discovery than Macleod. Differences occurred among the directors, and what was the conduct of his client? According to the testimony of Mr. Paddison, he acted as might be expected from the honour and character of an English gentleman; he acted an independent and manly part,

and never attempted to shield his father-in-law, when he knew him to be wrong. In the month of July, 1855, it was resolved to make an alteration in the management of the bank, and that one of the directors should attend weekly at each branch; and, by a vote of the directors, Macleod was appointed a visiting director, for that purpose. He attended with regularity to the duty to which he had been called, and with such success that the business of the branches increased—an increase which was in a great degree owing to from 200 to 300 attendances made by him to the branches in one year. The learned counsel then commented upon one of Macleod's letters, which had been read, dated the 13th of September, 1855, in which, after speaking of the resources of the bank at that time, and that the directors were about to rediscount £25,000 worth of bills at the Bank of England, he used this expression, "But that is our last shot." The learned counsel explained it by the fact, that at the time there was great monetary pressure; and he thought that the jury ought not to lay any stress upon an expression of that sort, occurring as it did in a private and confidential letter. He had given the best proof of his faith in the solvency of the bank, by taking up 77 new shares issued under the supplemental charter. It was true he attended the general meeting on the 1st of February, 1856, but he said nothing, and only attended as all the rest did. Though he was a member of the past-due bills committee, that gave him no peculiar knowledge of the condition of the bank. He worked honourably with Mr. Stapleton, and with him was appointed a member of the committee to investigate the convertible securities. The jury could best judge how much the future of his life would depend on the verdict which they presently would pronounce; but they would bear in mind that he was a young man, whose attainments might yet do credit to his country and his profession, and whose name had hitherto been without reproach. We ask of you (said the learned counsel) to come to the conclusion, that if he has been imprudent, he has not been criminal; and if, as the Attorney-General has told you, he has left the bank a ruined man, he is yet not ruined in reputation, nor bankrupt in character.

Mr. Seymour addressed the jury for Mr. Cameron. He said they were now approaching the last scene of this solemn trial, when they would have to pronounce whether this charge of conspiracy was proved; whether Mr. Cameron had been merely imprudent, or guilty of overt acts of conspiracy? He prayed the jury to give him a calm and an indulgent hearing, for he had to defend a man against whom every attack had been made by the counsel who had preceded him, who, instead of confronting the evidence, had sought to vindicate their own position by sacrificing his client. He had something to complain of in the conduct of this prosecution, for Sir F. Thesiger, in his opening speech, had accused his client of a fraud which had no existence except in his own brief. He had told, with

terrible effect, that sad and moving story that a man named Brunton had gone to Mr. Cameron, that cold and callous individual, that hardened offender, and that he had been advised by him to place all his savings in the British Bank, for it was as safe as the Bank of England. But where, said the learned counsel, where is Brunton now? Why has he not been called? It would not do now for his learned friend (Mr. Atherton) to answer with a nod of the head. He (Mr. SEYMOUR) confessed that he trembled when he heard that statement, and felt that, if that fact were proved, his case was over. But now, it seemed, the charge had no real and actual existence, and it ought to teach the jury, before they convicted that man (Cameron), to draw a distinction between prejudice and truth, between statement and sworn evidence. He complained also of the counsel for the defendants, all of whom (except Mr. Serjeant Shee and Mr. Lawrence) had, by open charge or inuendo, endeavoured to throw the burden from off their own shoulders, by accusing Mr. Cameron. How was it possible that Mr. Cameron could enter upon a course of fraud with a gentleman of the character of Mr. Stapleton? It was said by Sir F. Kelly, that Mr. Stapleton was opposed to Mr. Cameron, but, so far was that from being the case, he had remained friendly with him to the last. But he now sought to make him a scapegoat. If he had been the man suggested, and doubted the stability of the bank, would he have induced the brother-in-law of his friend, Alexander Matheson, to become a director? The learned counsel here read several letters which had passed between Mr. Cameron and Mr. Esdaile, in one of which, dated the 17th of September, 1855, Mr. Esdaile said, "I agree with you that a tight hand should be kept over all outgoings." If the advice he then and at other times gave had been followed, the bank would now have been a flourishing institution. He opposed the issuing of new shares. That was done in his absence, and in spite of him. To whom did Mr. Kennedy apply as the best man to advise what course ought to be pursued? It was to Mr. Cameron. Be it remembered Mr. Cameron was not a promoter of the bank. He was a Parliamentary agent in large business, and was induced by his friend, Mr. M'Gregor, to join the bank, where he had no vote, but was merely the servant of the directors. The learned counsel proceeded at some length to explain what was called the "Scotch principle" in banks, which had been so much ridiculed during the trial. The first principle was, to allow interest on fluctuating balances, the effect of which was in Scotland, that as much as £40,000,000 was invested in Scotland, in sums varying from £10 to £200,000. Another was to commence with a small capital, and gradually to increase the same; and if the British Bank had not been restricted by the Board of Trade as it had been, the credit of the bank would have been widely different. Another principle was, a system of cash credits, allowing bills to be drawn, payable so long after demand. The next prin-

ciple was, the establishment of a "bad debt fund," and a reserve fund. As to the balance-sheets, they were in the usual form, and the accounts had been audited and subscribed in the usual way by the auditors, neither of whom would the prosecution venture to call. The learned counsel proceeded with great minuteness to examine Mr. Cameron's debt to the bank, and showed, that instead of amounting to £36,000, as assumed by Sir F. Thesiger, it did not amount according to his calculation to more than £17,319. Of that amount, as much as £10,600 was in respect of notes given for shares in the bank. As security for that debt he had deposited several policies and other securities, and more particularly his estate at Dingwall, which he should prove to be worth at least £10,000. Sir F. Thesiger said it would fetch £3000 beyond £3000 (the amount of the first mortgage), but the witness who had been called to prove the value, but who knew nothing about it, said it would only fetch £2000. The learned counsel contended, that, if Mr. Cameron's advice had been taken, the bank would have prospered; but, whenever he made a suggestion, he was snubbed and put down, as he was by Mr. Spens. He was always urging upon the directors the importance of maintaining the bad debt fund, and, in January, 1856, he got a sum of £1000 added to it. It now appeared that the mystic green ledger, about which so much had been said, and which was called Mr. Cameron's pocket-book, was a book in which Mr. Cameron never wrote a line, but it was one to which every director had access, and to which, though the book had a lock, Mr. Cameron had no key. The learned counsel then read numerous letters written by Mr. Cameron to show the interest which he took in the bank, particularly in resisting the demands made by Mr. Walton, the governor, to have his bills discounted, and in pressing Brown to give security for his debt. He showed also that, during his illness in 1855, many of the largest advances were made on the Welsh works, Cochran's debt, the South Sea House, and the issue of the new shares. It was thus, by the neglect of Mr. Cameron's advice, that the bank had become a wreck. They had got rid of their pilot, and thus the vessel had been cast upon a fatal rock. With whom had Mr. Cameron conspired? Was it with Mr. Brown, whom he had compelled to give security? Was it with Mr. Stapleton and Mr. Esdaile, who now said they had rejected and got rid of him? Was it with good Mr. Kennedy, who had taken counsel of him? Was it with his son-in-law, to whom his own daughter was married, and whose marriage settlement was all embarked in the bank? Let the jury, before they found him guilty, recollect that he had three brothers in that gallant regiment the 78th Highlanders; he had three sons, one of whom, a lieutenant in the Artillery, had beaten fifty-six gentlemen from Oxford and Cambridge in an open competition; he had another son, a member of the bar;—but, said the learned counsel, it unmans me, and yet I have one hope left in an

English jury—that when the name of Campbell has become historic, when the eloquence of Thesiger is mute, when the genius of Kelly is gone as the light of other days, in a nobler and purer light, it will then be told that, in administering the meed of justice, you learned to remember mercy.

A number of witnesses were then called to speak to the character of the several defendants.

Mr. ATHERTON then rose to reply on the part of the Crown. He said —Gentlemen of the Jury, the time has now arrived for me to discharge an arduous duty, which, till this inquiry had far progressed I had no reason to suppose would have been cast upon me. Sir F. Thesiger has been elected to the highest position in the law in this country—a circumstance in which not only the profession, but I believe the community at large, without distinction of party, will rejoice, and none more so than I do. But, though I rejoice at that elevation, it is with some regret, because, in consequence of that event, the interests of justice are now committed, in this case, to much feebler hands, and this may lead to a miscarriage of justice which would not otherwise have occurred. I am, however, encouraged in the performance of the duty which has devolved upon me by the knowledge, that, before you pronounce your verdict, you will be assisted by the temperate judgment, the profound learning, and great experience of the noble and learned Lord who presides on this occasion. You have also yourselves brought to the inquiry great knowledge and experience in business which have enabled you to follow the details, and facts, and figures, which it has been our duty to lay before you; and, more than that, for eleven long days, you have paid that wakeful, vigorous, and careful attention to the case, which not only reflects credit upon you as individuals, but also upon the country, in the administration of whose justice you bear so important a part. I will now address myself to the case which is brought before you, and will consider first, the law and the measure of proof which is submitted to you on the part of the Crown; secondly, I will remark on the individual cases of the defendants; and, thirdly, I will enter upon the most important branch of the case, viz., the proofs which bring home to the defendants the knowledge that what they were putting their names to was an untruth, and fraudulent. The counsel for the defendants have asked me to point out the moment and place of the conspiracy, as if that were necessary, in order to establish a case of this kind to the satisfaction of a jury, and to obtain a verdict of "guilty." Neither by law, nor by reason, can such proof be demanded or expected. If you find several persons acting and co-operating together to a given end, and that end an illegal one; if you bring home to them a common understanding, which is only another name for conspiracy, can it be said that you fail to establish the charge of conspiracy, because you cannot prove them to have been together at a particular time and place, to put forward a falsehood, or to

avouch a fraud? If such proof were to be demanded, how many conspiracies could be brought to light and punished, as they ought to be? If the conspiracy is rife and carried out, that concert is assumed. All the proof which reason and the English law demand is, that there must be concert between two or more, for a single purpose common to the two or more, and acting in furtherance of that common or illegal purpose.

Lord CAMPBELL here observed, that persons might be guilty of conspiracy, without any acts being done in furtherance of it. In the present case, overt acts were alleged, but, as a great deal was said at the present time about the law of conspiracy, his Lordship thought it right to make the correction, lest the high authority of the learned counsel should be quoted for the contrary proposition.

Mr. ATHERTON thanked his Lordship for correcting him, but he observed, that his remarks were rather intended to apply to the case now before the Court, in which the defendants were charged with conspiring, and submitting to the shareholders and customers of the Royal British Bank, and to the world, a false balance-sheet of the pecuniary state and condition of the bank. With the exception of Cameron, the defendants have all acted as directors of the bank; and, in that character, they have made the representation to the shareholders, to the customers, and to the world. That position was not thrust upon them against their will, but they took it upon themselves voluntarily. Nay, more, they also accepted the sum of £2000 as the annual remuneration for their services, to be paid to those directors who should be present at the meetings at which the business of the bank was managed. As an institution chartered by the Crown, it had stamped upon it, not, indeed, a character of authenticity and good faith, but a certain public character, beyond what attached to a merely private bank. Among all the pleas which have been put forth for the defendants, not one of them has pleaded ignorance of the charter. They have said they were unacquainted with bills, and ignorant of accounts, and of everything else, but ignorance of the charter has not been set up by any one of them. What, then, were the provisions of the charter? The 18th clause provided that all the general affairs, business, and concerns of the bank should be under the management and control of the directors, and that they should have the power to nominate and appoint a person to be general manager, for conducting, "under their superintendence and control," the business and affairs of the company. Therefore, when we were told that Cameron was omnipotent and omniscient, and the directors knew nothing, I turned to the 18th clause of the charter, and said that if you, the directors, suffered such a state of things, you disregarded your duty, you acted a fraud, and deceived your customers and the world. The defence, therefore, fails to answer the purpose for which it was put forward; for it was their duty to control Cameron, and manage the manager.

Lord CAMPBELL said that mere neglect of duty would not be sufficient to sustain this information.

Mr. ATHERTON admitted that a mere breach of duty, however flagrant, would not bring the defendants within this charge of conspiracy, but he thought that, when such a defence was set up, it ought to be narrowly watched. The 29th section provided that the directors and other officers should diligently and faithfully discharge the duties devolving upon them in their several offices; and that every director should also sign a declaration not to reveal or make known, in any way whatsoever, any of the matters or affairs which might come to his knowledge as a director of the said company, "except when officially required to do so by the court of directors for the time being, or by any general or extraordinary meeting of the company, or by a court of law." The next important clause was the 36th, which required the directors to cause all necessary and proper books of accounts to be kept, "and that in such books true, fair, and explicit entries should be made of all receipts, payments, transactions, and dealings which should from time to time be made by and on behalf of the company, and all profits, gains, and losses arising therefrom," and that, once at least in every month, they should make and publish "a full, true, and explicit statement and balance-sheet, exhibiting the assets and liabilities of the company, and the amount and nature of the property thereof, and the fair estimated value thereof," and "the profits and losses of the company," etc. That clause shows that ignorance was no defence, for they were well aware that they had the means of information, from the books which were kept according to the charter. The 47th clause provided that, at every general meeting of the proprietors, the directors should exhibit "a true and accurate balance-sheet and report of the profits and accumulations of the joint-stock or capital from the time of the commencement of the business of the company, or the end of the period included in the then next preceding report," etc. The 60th and 63rd clauses are also very important, but as they are connected with the balance-sheet, I will consider them when I address myself to that part of the case. The only other important clause was the 71st, which provided that if at any time the directors should find that the losses of the company had exhausted all the "surplus or reserve fund," and also one-fourth of the paid-up capital of the company, they should call a special meeting of the proprietors, and submit to such meeting a full statement of the affairs of the company, and that if a majority of the proprietors so present should resolve that the losses of the company had exhausted the said fund, and one-fourth of the paid-up capital, the chairman of such meeting should declare such company dissolved, except for the purpose of winding up its affairs, unless the holders of two-thirds of the votes should then and there undertake to purchase the shares of the other shareholders. With the exception of Cameron and Esdaile, the defence made was, that

though they ought to have known, and might have known, they did not, in fact, know the true state of the bank's affairs. They said, in effect, that their eyes were closed to that which they ought to have investigated, and, having put their names to a criminal and mischievous falsehood, they ask to be acquitted, upon the ground that they had neglected every duty imposed upon them. If, however, they had merely been guilty of such a breach of duty, in not informing themselves of what they ought to have known, and if you should come to the conclusion that they were dark, and blind, and utterly uninformed, you cannot find them guilty of this offence, for the essence of this charge is knowledge. Complaint has more than once been made, that all the defendants have been included in this information, but I am authorized to say that it was not without great consideration that this course was adopted. To say nothing of the misery which had resulted from the stoppage of the bank, and the public feeling thereby excited, it was due to the defendants themselves that they should have an opportunity, if they could do so, of vindicating their character, and this course was also dictated by a regard to other institutions of a like kind, and in reference to the public interest. If any one of the defendants had been omitted, it would have been said that, as the adoption of the balance-sheet was the act of all, all of them should have been included. Every one of the defendants attended the general meeting, where the balance-sheet was presented. They presented themselves there as directors, and, by their presence and co-operation, took part in the proceedings. As my Lord has said he does not intend to read over all the evidence, it is necessary that I should call your attention to the particular facts and proofs in the case. One part of the charge is, that the balance-sheet was false—essentially false; and, therefore, it becomes necessary that I should call your attention to what the state of the bank's affairs really was, on the 31st of December, 1855; and then, that I should proceed to show you that it was false, to the knowledge of the defendants. For two whole days your attention was occupied with that disastrous investment in the Welsh mines; two days more were spent on the past-due bills and the bad debts made by the bank, and which appeared to be either nearly or altogether hopeless. With respect to the Welsh works, the charge against the defendants is, not that they advanced the money of the bank imprudently and recklessly, and sank it in the mines, to the extent in all of £108,003 2*s.* 5*d.*, but that they represented the money so advanced and sunk as a well secured debt, and, as such, put it in the balance-sheet among the "assets" of the bank. They treated it as an available security for that sum, when they must have known that it was not available for one-half the amount. All the evidence showed that the directors were anxious about that investment, and that they could not, and did not hope, that with that millstone round it, the bank could right itself, and be placed in a position of commercial solvency.

On one occasion, the directors put the works up to public auction, but there was no bid at all, and the only result was, that the bank had to pay £193 for the expenses of the attempted sale. Even if they were taken to be worth £60,000, though they only fetched £6000, the advances made upon them exceeded their value by £48,000. Then there were the bad debts—£8600 due from the Islington Cattle Market Company; De Tape's debt, £1193 18*s.* 4*d.*; and Mullins's debt, amounting to £11,172 2*s.* 10*d.* Mullins had died three years before, a hopeless insolvent; and yet the bank had added £525 16*s.* 7*d.*, as interest, to the original debt of £10,646 16*s.* 3*d.*, and placed that and other hopeless debts in the balance-sheet as "assets" of the bank. They treated that bad debt, not only as one that would come back into their coffers, but they represented the bank as prospering on the debt. Brown's debt amounted to £74,437 3*s.* 1*d.*, but the highest value put upon his securities was £48,000. The next debt was that of Oliver, the shipowner of Liverpool, who owed the bank £14,162 4*s.* 5*d.* When the balance-sheet was framed, Oliver's estate had paid a composition of 2*s.* 6*d.* in the pound, and there was no prospect that it would pay more than 5*s.* in all, so that, to the extent of £10,000, that debt was hopeless. At that time, Mr. M'Gregor owed the bank £7369 8*s.* 3*d.*, but he was still alive, and, as the bank had two policies for £1000 each, it might fairly be assumed that they had security to the extent of £2000. It was said Mr. M'Gregor was living upon literature, which I think is not the best pasture on which a man can browse; but, beyond that, he had very little, besides the shares in the Irish Beetroot Sugar Company, and the Irish Peat Company, and other securities of the like kind, which were of little or no value. Nevertheless, the whole of Mr. M'Gregor's debt was put down as "assets," and a sum of £579 2*s.* 7*d.*, as interest, was added to it; thus estimating the debt at £5000 beyond its value. The next was Blacker's debt of £4513 0*s.* 2*d.* Before the balance-sheet was framed, it was discovered and made known to the directors that the bills which they had of Blacker's, ninety-two in number, were forged acceptances. He was a felon, and had fled the country. The bank had employed Forrester, the detective, to arrest the fugitive, but he had escaped beyond the seas, and, with the exception of the lease of his house, which sold for £272 11*s.*, the debt was not worth more than the paper on which the bills were written would fetch at a marine store shop. Yet the whole of that worthless debt of more than £4000 went to swell the amount of the assets of the bank. Then there was Gwynne's debt of £13,415 19*s.* 11*d.*, which was quite hopeless. There was also Cochran's debt of £9503 3*s.* 5*d.*, and Cameron's debt of £23,896 12*s.* 7*d.* How far Cameron's debt was considered to be a well-secured debt, you can judge by the acts of the directors themselves, which showed that they had no available security. In addition to those debts, there was a considerable number of past-due bills, the account of which

was kept in the past-due bills book. Some of those bills were dishonoured in the year 1850, and came before the committee year after year, showing their dishonoured faces, hopeless at the end, as in the outset. The amount of those bad bills was estimated by Mr. Barnard at £12,523 14*s.* 2*d.*, but Mr. Cameron added £9000 more, and made the amount £21,555. By the 60th clause of the charter it was provided that, at the end of six months of every year, the directors should declare a dividend "out of the clear profits of the company then actually accrued and reduced into possession;" and, by the 63rd clause, it was further provided that every year the net profits, "after making deduction and allowance for bad and doubtful debts," and after setting apart such proportion of the profits as the directors might think requisite for the "surplus or reserve fund," should be divided among the proprietors. Under those and the other provisions of the charter, the directors, on the 1st of February, 1856, convened the shareholders, and printed their balance-sheet to December 31, 1855. They issued a report, which was sent to all the shareholders and customers of the bank, in which they said —"The directors beg to present herewith their balance-sheet for the past year, and to declare a dividend at the rate of six per cent. per annum, free of income-tax." At the meeting, the report was first read. The balance-sheet was then presented, in which, on the debtor side, it was represented that the "gross balance for the year ended the 31st of December, 1855, after making a provision on account of bad debts, and paying interest (£25,320 8*s.* 3*d.*) on deposits, promissory notes, and balances," amounted to £30,551 2*s.* 7*d.*; and, on the creditor side, it was represented that the "assets" of the bank, "by loans on convertible securities for short periods, advances on cash credit accounts, bills discounted," etc., amounted to £986,272 11*s.* 1*d.* Now, in order to make up that amount, every sixpence advanced on the Welsh works, all the past-due bills, good, bad, and indifferent, and bad debts, with interest, had been reckoned as "assets," although a large portion, at the lowest calculation £150,000, was utterly lost and hopeless. Those bad debts were treated as "assets," though they never could come back to the bank, and interest was calculated upon them so as to produce that sum of £30,551 2*s.* 7*d.*, which the directors represented as the balance for the half-year, and out of which they set apart a sum of £4274 13*s.* to pay a dividend of six per cent. If the truth had been told to the shareholders, it would have appeared that the "liabilities" were largely in excess of the "assets," and there could have been no dividend. The consequence would have been, that the shares would have fallen, and the depositors would have withdrawn their money. But instead of telling the truth, the directors made a dividend, and issued new shares at a premium of £5 per share. The learned counsel then proceeded for several hours to comment on all the facts proved in the case, with a view to show that each and every one of the defendants was well acquainted with the

insolvent condition of the bank. He showed that the tabular statements of accounts had been given to Cameron to lay before the directors, when the balance-sheet was considered on the 15th and 19th of January, and adopted by them on the 22nd. He urged that, as the defendants were all present at the general meeting on the 1st of February, 1856, they all, some by their presence, and others (Esdaile and Kennedy) by their speeches, confirmed the false impression produced by the false balance-sheet. It would be impossible to follow the learned gentleman through a speech which lasted upwards of six hours, in the course of which he reviewed all the more prominent parts of the evidence, as it affected the several defendants. He particularly referred to the letter written by Esdaile, the governor, to Owen, the deputy-governor, on the 15th of January. If the jury were satisfied that the defendants had lent themselves to the representation of what they knew to be false, he was sure that no consideration of their previous character and conduct would induce them to abstain from finding them guilty on this charge.

Lord CAMPBELL then proceeded to sum up the evidence. His Lordship said—Gentlemen of the Jury, the anxious task now devolves upon me of summing up in this very important case; and I say it most unaffectedly, my anxiety is greatly diminished, when I consider the character and qualifications of the gentlemen whom I have now to address. If it had been my duty to try this case in the country, at the assizes, before country gentlemen and farmers, I should have been much more embarrassed. I should probably have known more than the jury, and it would have been my difficult and anxious task to try to communicate information to them on matters of which they would be ignorant. But, gentlemen, you know much more of this subject than I do; and it is a satisfaction to me that you are so well qualified, and that justice is sure to be done by your verdict. During this long and laborious trial (and we have now arrived at the thirteenth day), you have devotedly attended to the evidence, and it seems to me that you thoroughly understand it. My task is, therefore, comparatively a light one, and I shall only feel it my duty to state the questions of law which may arise, and to direct your attention to what I consider to be the principal questions for your determination. It was my fate, gentlemen, in another case, to be occupied two days in summing up; and justice so required; and if I thought that I could at all assist you by going through the whole of my notes, page by page, I would not spare myself the labour of completing that task. But I think that, on this occasion, instead of assisting you, such a course would rather perplex you; and that I shall best discharge my duty, by bringing before you a few plain points, and stating the questions which you will have to consider. Gentlemen, this information was filed by the late Attorney-General (Sir R. BETHELL), a gentleman of great learning and high honour, who filled the office of Attor-

ney-General with great distinction; and, whatever may be the event of this prosecution, no one can ascribe the smallest blame to him for the course which he adopted. After the failure of the Royal British Bank, and the ruin and scandal which it caused, it became essentially necessary that an inquiry should take place, and he has put the defendants upon their trial. This is an *ex officio* information. Generally speaking, before a person can be put upon his trial in England, there must be a bill of indictment found by a grand jury, and so it is universally as to felony and high treason. But, in regard to misdemeanours, the Attorney-General has the right *ex officio* to file an information. This is an ancient and undoubted prerogative, and quite constitutional and beneficial, and I have heard no complaint on the part of the counsel for the defendants of the course which has been adopted. Gentlemen, this information charges, in the first count, that the defendants conspired together to represent to the shareholders that the Royal British Bank and its affairs had been, during the half-year ended the 31st of December, 1855, and then were, in a sound and prosperous condition, producing profits divisible among the shareholders, they well knowing the contrary, with intent to deceive and defraud the shareholders, customers, and creditors of the bank. This is the conspiracy charged. Then there are several overt acts alleged, the principal of which are, the report of the directors to the shareholders of the state of the bank on the 31st of December, 1855, the issuing of new shares, the balance-sheet, of which you have heard so much, which professes to give a true account of the condition of the bank at that time, showing they could give a dividend of six per cent. out of the supposed profits, buying the bank shares with the bank's money for the purpose of keeping up the deceit, etc. It has already been stated that, by the law of England, the crime of conspiracy may be completed, without any overt acts committed; but it has been properly stated by the learned counsel (Mr. Atherton), who has latterly so very ably conducted the prosecution, that the overt acts are properly to be looked to, because from them the jury may draw an inference as to the object of the conspiracy. With regard to conspiracy, it is not essential that evidence should be given of any formal consultation, in which the parties are supposed to have deliberately resolved to do an illegal act, or to do a legal act by illegal means; but if, as reasonable men, you see there was a common design, and they were acting in concert to do what is wrong, that is evidence from which a jury may suppose that a conspiracy was actually formed. Now, gentlemen, the manner in which it was proposed to show that there was a conspiracy in this case was—first, to show that the bank was in a state of insolvency at the end of the year 1855 and beginning of 1856; secondly, that this was known to the defendants; and, thirdly, that, knowing that, they entered into the design to represent that the bank was then in a flourishing con-

dition, for the purpose of deceiving those who were shareholders, or the public who might wish to become shareholders. It is for you to say whether, on the part of the prosecution, they have established those three points. I must caution you against supposing that, if one or several have done what was improper, that will establish the charge against them. For instance, if they went on after the "reserve fund" was exhausted, that alone will not establish the charge. The charge is, that they conspired to misrepresent the actual state of the bank, for the purpose of deceiving the shareholders, and, to establish that, there must be a joint design, a joint combination and conspiracy. In addressing you, I shall first call your attention to whether there has generally been such a conspiracy, as is alleged on the part of the Crown; and then I will draw your attention particularly to the cases of the different defendants. I have already (in the course of the trial) had occasion to advert to the fact that there is considerable difference with regard to the evidence against the several defendants, to which you have attended in so exemplary a manner, and it will be your duty to distinguish between them. The great point is, what was the real state of the bank on the 31st of December, 1855? According to the balance-sheet published by the directors to the proprietors on the 1st of February, 1856, it was in a very flourishing condition. You have all copies of the report and balance-sheet, and it is essential that you should continue to look at them. If that balance-sheet be true, the case for the prosecution fails altogether; for, on the part of the prosecution, they undertake to prove that it is false and fraudulent, and particularly that it takes credit for a number of debts absolutely desperate, so as entirely to misrepresent the actual condition of the bank. There was notice given on the part of the Crown to the defendants of a great number of debts, but they are now confined to a certain number, which we have been engaged many days in investigating. I did not complain of that, though the exact amount of the debts was not material, nor the manner in which they were incurred, for we were not trying the directors for improvidently allowing those with whom they were dealing to incur debts. We are to examine what was the condition of the bank, at the time to which I have referred. I shall therefore spare you the history of the Welsh mines, and shall say nothing about Swift and Dümmler, and the other parties of whom we have heard so much; for, though the directors should be blamed for entering into those mining adventures, that would not support this charge, unless it contributed to the insolvency which they desired to conceal and to deceive the shareholders. The first debt to which I shall call your attention is the sum advanced upon the Welsh works, under various heads, amounting to an aggregate of £108,003 2*s.* 5*d.* Now, gentlemen, there was some security for these advances, viz., the mines; but these mines, at the highest estimate, could not have been worth more than half

that sum, for, in the month of June, 1854, when the directors put them up to auction, they fixed a reserved bidding at £60,000. They were finally sold for £6000; but that ought not to be taken as the value of the security at the time. The next debt was the sum of £8600 due by Harrison and other parties connected with the Islington Cattle Market Company. You recollect that every attempt was made to recover that amount, but the debt turned out to be utterly hopeless; as did De Tape's debt of £1193 18*s.* 4*d.* Then came the debt arising out of the advances made to Mullins, who is dead, and I wish that nothing but what is good could be said of the dead; but I am afraid that all parties concur in throwing just blame upon him. There is no doubt that advances were made to him, which, with the interest, amounted to £11,172 2*s.* 10*d.*; but he died insolvent, and that debt is totally lost. Then we investigated the advances made to Humphrey Brown; but I do not think we are in a situation to know exactly the value of the securities which he gave to the bank for the advances which were made to him, amounting altogether to £74,437 3*s.* 1*d.* But though we do not know the exact value of the ships which he mortgaged to the bank, the value must be taken at the price which they would fetch at the time, and before the value of shipping had fallen forty per cent., as it did afterwards. It was said by the prosecution that the highest value was £48,000, and that a loss at least of £36,000 was thus occasioned. But this is a question entirely for you. His lordship here observed, in favour of Brown, that he thought there was but little ground for saying that Brown had deceived the bank as to the value of his securities. Then there was the alleged loss on Oliver's debt, amounting to £14,162 4*s.* 5*d.*; but, although he (Oliver) became insolvent, and paid scarcely anything in the pound (5*s.*), there were other names on his bills, and how much they paid into the bank you are not fully informed. Then comes M'Gregor, another director, who received advances to the extent of £7369 8*s.* 3*d.* He gave as security some policies, one of which realized £1181 18*s.*; and some shares in various companies which were worthless, so that upon his debt there was a loss of about £6000. Next comes Blacker's debt of £4513 0*s.* 2*d.* He had forged the names of the acceptors to a number of bills which had been discounted by the bank, and therefore he was the only person liable upon them; but he fled the country, and the bills in point of law and value were utterly worthless. Then comes the debt of Gwynne, another director, amounting to £13,415 19*s.* 11*d.* He had deposited some shares in a company, but the debt is entirely lost. Then comes Cochran, another director, whose debt amounted to £9503 3*s.* 5*d.* He is one of the defendants on this record, but he has fled the country, so his debt is entirely lost. Then there is the debt of Cameron, the general manager, which amounted to £23,896 12*s.* 7*d.*; but the value of his security is not yet well ascertained. There is evidence that he has property at Dingwall, which can be sold for

forty years' purchase; but it is impossible to tell how much it may produce. And yet, gentlemen, all these sums were taken into account, and credit is taken for them in the balance-sheet to December 31, 1855. In addition to this, it appeared from the books of the bank that there was a sum of £22,000 owing upon past-due bills, upon which they had ceased to calculate interest, yet that sum of £22,000 is included in the balance-sheet in the "assets" of the bank. You, gentlemen, will form your own opinion, but it seems to me that in this balance-sheet debts are included which were known to be bad to the extent of at least £100,000. If so, I should think this balance-sheet is a false account. A balance-sheet should give some information to the shareholders as to the state of the bank; but here credit is taken for £100,000 worth of bad debts, just as if it had been £100,000 invested in the Three per Cents. It is said, it is the custom with banks to include bad debts in their balance-sheets as "assets." If so, it is a very strange custom, if there is no reserve fund for paying them. But it is said, that there was a "reserve fund" for bad debts. If that had been so, and a proper sum had been reserved, the case would have been different; but the fund reserved for the payment of bad debts, amounting, on the 31st of December, 1855, to £100,000, was only £339 1*s.* 7*d.* It seems to me, therefore, that there is strong evidence, but you are to consider it, and form your own opinion, that in this balance-sheet credit was taken for sums for which credit ought not to have been taken, and that this had a certain tendency to impose upon the shareholders. His Lordship here read over the evidence given by Mr. Barnard, the cashier of the bank from the commencement in 1849, respecting his examination of the past-due bills in April or May, 1855, under the direction of Cameron. According to his calculation, the good bills were £52,584 4*s.* 5*d.*; the doubtful, £52,976 15*s.* 8*d.*; and the bad, £12,523 14*s.* 2*d.*; total, £118,094 14*s.* 3*d.* Barnard, however, said that Cameron added to the number of bad bills, and made the amount £21,555. His Lordship said he thought he ought also to read over the cross-examination of Mr. Barnard, as it was favourable to the directors. It stated, in substance, that he believed the securities held for the advances made by the bank were sufficient; that the character of the bills of the bank became better as they went on; that he believed that both Brown's debts and the securities on the Welsh mines would have been good, if the bank had not stopped; that he believed somebody would get a fortune out of the works yet, as they only wanted capital; that he himself believed the bank to be solvent, till within a short time of the stoppage, and had in consequence advised his friends to take shares, and also refused a more lucrative situation than the one he held in the bank; that the business of the bank had greatly improved during the last year, and that more than 1000 new accounts had been opened in the year ending June 30, 1855, etc. His Lordship then proceeded to read Craufurd's evidence, as to the manner

in which the balance-sheet was made out by him. The general principle was to state the result of the different books, and, giving credit to them that what they stated was true, the balance-sheet would be a true account of the state of the affairs of the bank; but, if those books were wrong, the balance-sheet would be a delusion and snare. There could be no doubt that Craufurd did his duty in taking out the accounts correctly, and, if the materials had been solid, the result would have been unexceptionable. He (Craufurd) prepared three tabular statements of accounts, marked A, B, and C, and gave them to Cameron. The balance-sheet for December 31, 1855, was then made from the balance-sheet of June 30, 1855, by merely altering the figures. This was done by Craufurd, under Cameron's directions. His Lordship observed that, though Cameron was not a director, and had no vote at the board, he was answerable for the manner in which the balance-sheet was made out, under his superintendence and by his directions. The jury would say whether it was true or false. The balance-sheet having been first approved by the directors, at a court held in the latter part of January, was laid before the proprietors, at a general meeting held on the 1st of February, 1856. It gave a very flattering account of the state of affairs, and it was for the jury to say, looking at the evidence, whether that balance-sheet was true, and justified the directors in their report, in which they declared a dividend of six per cent. The balance-sheet showed that there was a "gross balance for the year ended the 31st of December, 1855, after making a provision on account of bad debts, and paying interest (£25,320 8*s.* 3*d.*) on deposits and promissory notes, and balances," amounting to £30,551 2*s.* 7*d.* On the other side, they took credit, under the head of "assets," "By loans on convertible securities for short periods, advances on cash credits, bills discounted," etc., for £986,272 11*s.* 1*d.* But, in that sum of £986,272 11*s.* 1*d.*, there was included the £108,000 advanced on the Welsh works, and all the debts of the Islington Cattle Market Company, Mullins, Brown, M'Gregor, Oliver, Blacker, Gwynne, Cochran, and Cameron. Now, on the 1st of February, upon the occasion when the report and balance-sheet were laid before the general meeting, all the defendants were present. Then they came to a resolution that the report should be adopted, and that there should be a dividend of six per cent. for the half-year. It would be for the jury to say whether the shareholders were not grossly deceived, and whether there was not, on the part of the defendants, an intention to deceive. There was evidence given of other overt acts, such as the issue of circulars, which would only be wrong in case the defendants knew the bank to be insolvent at the time; but there was also evidence of purchasing the bank shares with the bank's money, which would not be justifiable, under any circumstances. After the general meeting, the bank went on, till the beginning of September, 1856, when the bank stopped. It was then found

that there was a deficit of £220,562 17*s.* 10*d.*, which must fall either upon the shareholders, or on the depositors. The jury would now say, whether the defendants had this guilty design to deceive the shareholders. If the defendants knew of the insolvency of the bank they ought to be found guilty; but if any of them did not know of its insolvent state the jury ought to acquit them. His Lordship then proceeded at great length to comment upon the evidence, as it affected the several defendants. And first, with respect to Cochran, his Lordship said he had gone abroad, and therefore the jury might dismiss him from their consideration. His Lordship said he would consider the cases of the defendants in a different order from that adopted by the learned counsel (Mr. ATHERTON), but without saying the principle upon which he arranged them. He would take them in this order—Stapleton, Macleod, Owen, Kennedy, Esdaile, Brown, and Cameron. With respect to Stapleton, his Lordship thought no blame could attach to the prosecution for including him with the other defendants, because it was most proper that the conduct of the whole of them should be examined; nor could he impute any blame to the prosecution for taking the opinion of the jury upon Mr. Stapleton's case; "although," said his Lordship, "I must confess that I rather expected, after the evidence had been closed, that there might have been an intimation that, so far as Mr. Stapleton was concerned, no sufficient case to be presented to the jury had been established." But it was not for him to interpose, and, as there was evidence to go to the jury, they must decide whether Stapleton was guilty, or not. His Lordship then reminded the jury that Stapleton did not join the bank till the 31st of July, 1855, and that he took no active part in it till his return from Scotland on the 16th of October. His Lordship reminded the jury that Stapleton did not join the bank with a view to profit, but because being a barrister, and not meeting with great success, for "the race is not always to the swift, nor the battle to the strong," he wished to be employed. He was recommended to the bank as a flourishing and respectable establishment; and it was admitted by Sir F. THESIGER (now Lord Chancellor) that, when he entered it, he was in utter ignorance of the state of its affairs. He held twenty shares, which he had not tried to dispose of, and the only benefit he derived from the bank was the dividend upon his shares. It was he (Stapleton) who moved for the appointment of a committee on the convertible securities; and, though he had thus become acquainted with Brown's debt, it was not to be inferred that he really knew the bank to be insolvent. The jury would form their own opinion, but he (Lord Campbell) saw nothing, down to the 1st of February, 1856, to show that Stapleton was aware of the insolvency of the bank. It appeared also that so late as August, 1856, only a few days before the bank stopped payment, he wrote a letter to his friend Mr. Alexander Matheson, in which he stated that, although there was a run upon the bank, he believed that, if some

gentlemen of known wealth would join them, the public confidence would be restored, and he asked Mr. Matheson whether, if he should be satisfied that the bank was solvent, he would join the board. It was in Stapleton's favour that, in July, 1856, he had opposed a dividend, and recommended a call instead. His Lordship here read over the evidence given by Mr. Paddison, and the other witnesses, who stated that they had never seen anything in the conduct of Stapleton that was inconsistent with the highest honour and integrity, and added that if the jury took the same view of Stapleton's case that he did, he (Stapleton) would leave the court without a stain upon his character, and if he should, at any time, return to his profession of a barrister, his Lordship said he should be glad to see him practising in any court over which he presided. The next name was Macleod, and although there was more evidence against him, there was no positive proof. He was not a speculator, nor had he obtained advances from the bank. He purchased a large number of shares, and invested in them the sum of £5000, and, instead of speculating with them, he made them the subject of his marriage settlement. He certainly was a director from 1853 down to the stoppage, and if he had gone through the same laborious investigation of the books which had occupied the Court so many days, he might have acquired a knowledge of the insolvency of the bank. His Lordship here referred to the excellent character which Macleod had received from the witnesses, particularly from Mr. Bullen, the eminent special pleader, whose pupil Macleod had been. His Lordship thought a more serious case was made against Owen, who had been much longer a director; but he had invested all his savings in the bank, and had not derived any benefit from it. An excellent character had also been given to Owen, and his Lordship left it to the jury to say whether, under those circumstances, they ought to find him guilty. His Lordship then referred to the evidence as it effected Kennedy with great minuteness, and particularly referred to the letter addressed by him to Cameron, on the 15th of May, 1855, as showing that, even at that time, he must have had a strong suspicion as to the insolvency of the bank. Could they doubt that, when Kennedy wrote that letter, he must have entertained the belief that if the true state of affairs were known, it would lead to the stoppage of the bank? And yet, after writing that letter in May, 1855, he concurred in the report and balance-sheet presented to the shareholders on the 1st of February, 1856. His Lordship also referred to the speech made by Mr. Kennedy at the meeting; and to the discussion which had taken place in the court of directors, in 1855, on the subject of the 71st clause of the charter, which required the directors, in case at any time the losses should exceed one-fourth of the paid-up capital and surplus fund, to convene a meeting of proprietors to dissolve the company. On the other hand, there was the fact that he had derived no personal benefit from the bank,

and had introduced his family to become shareholders and customers. His Lordship then came to the case of Esdaile, the governor of the bank, and observed that he (Esdaile) had derived no benefit from the bank, and had not obtained any money from it; but he was concerned to state that out of his own mouth he had a knowledge of the true state of its affairs. His Lordship here read a large portion of the deposition made by Esdaile in a proceeding which had been instituted in Chancery under the Winding-up Act, in which that defendant had stated, in the most explicit manner, his knowledge of the various debts of the bank, and which left no doubt that he must have known that it was in an insolvent state. His Lordship also read the letter which Esdaile had written to the deputy-governor, Owen, on the 15th of January, 1856. His Lordship then proceeded with the evidence as it affected Brown; and called upon the jury to dismiss from their minds all prejudice, and to consider him as an innocent man until his guilt was proved. He had borrowed largely from the bank, and, having given securities, he had a strong interest in keeping up the bank as long as possible; but he was afraid that destruction would come down upon it and him, if strong measures were not taken. His Lordship here read a long letter which Brown had written on the subject of his debt to the bank, in which he complained of the course the directors were taking to realize his securities, particularly referring to the advances made on the Welsh works, and other bad debts which the bank had made. His Lordship also referred to the statement made by Brown in the court of directors, in the year 1855, when he said that, one-fourth of the paid-up capital and reserve fund being lost, it was their duty to convene a meeting under the 71st clause of the charter, to dissolve the company, and that if they went on any longer, they would do so on their own personal responsibility. His Lordship then came to the case of Cameron, who, he said, had borne a high character, but it appeared he was a sanguine man, and hoped that the bank would become a valuable establishment. It would be for the jury to say whether, being disappointed in that hope, he had not resorted to unworthy means, and become a party in a scheme for deceiving the shareholders. The bank commenced with a small capital, less than £50,000, and it soon got into difficulties. The jury would say, whether it was not contrived that there should be a series of balance-sheets to deceive the public, to conceal the loss which had been sustained, to make it appear a flourishing concern, and to draw in purchasers of new shares. The balance-sheet and report were prepared under the direction of Cameron, and the jury would say, whether the directors and Cameron were not acquainted with the real state of the bank's affairs. It would be for them to say, whether any two or more of the defendants were guilty; and though it would be a great satisfaction to him if they could say they were not guilty, he (Lord Campbell) was sure they would not shrink from their

duty, but would give a verdict which would be satisfactory to their consciences and to the country. His Lordship concluded by advising the jury to retire.

The jury then retired to consider their verdict, and after some time they returned into court.

The foreman said the jury were unanimous to find three of the defendants guilty; and eleven of the jury had agreed to find them all guilty, but he (the foreman) dissented from the latter verdict.

Lord CAMPBELL said the verdict of the jury must be unanimous. The jury must retire, and reconsider their verdict. His Lordship then observed that he did not know whether a *nolle prosequi* could be entered as to the other four defendants?

Mr. KENNEDY (for Brown) opposed that, and said it could not be.

Mr. ATHERTON said that in the discharge of his duty he could not consent to that.

Lord CAMPBELL said he did not know that that course could be adopted, and directed the jury to withdraw, and reconsider their verdict.

In answer to a question from a juryman,

Lord CAMPBELL said that, before convicting any one of the defendants, the jury must be persuaded that he was acquainted with the insolvency of the bank, and knew that the balance-sheet was not a true representation of the state of its affairs:

The jury then again retired, and, after some time, they sent for Kennedy's letter to Cameron of the 15th of May, 1855. The letter was sent to them by Lord Campbell's directions; and, at a few minutes past eight, they returned into court.

The foreman then said that they found all the defendants *Guilty;* but strongly recommended four of them—viz., Stapleton, Kennedy, Owen, and Macleod, to the mercy of the Court.

Lord CAMPBELL.—Mr. Atherton, do you pray judgment? I am prepared to deliver judgment.

Mr. ATHERTON.—As your Lordship is prepared, I pray judgment.

Lord CAMPBELL.—Perhaps it will be better, if I take till Monday morning.

Mr. Serjeant SHEE said, the defendants could then submit affidavits.

Mr. KENNEDY said he wished to move for a new trial.

Upon that, Lord CAMPBELL said he would pronounce judgment at once; and the defendants were all called to take their places on the floor of the court.

Lord CAMPBELL said—I shall first pass sentence upon you, Humphrey Brown, Edward Esdaile, and Hugh Innes Cameron. After a long, and, I hope, impartial trial, you have been convicted by a jury of your country, upon the clearest evidence, of an infamous crime. You were charged with

conspiring to deceive and defraud the shareholders of the bank to which you belonged, by false representations, and it is clear that you did so. I acquit you of having originated this bank with the fraudulent intent to cheat the public; but it is now demonstrated that for years you have carried on a system of deliberate fraud, and have fabricated documents for the purpose of deceiving the public, for your own direct, or indirect, benefit. It would be a disgrace to the law of any country if this were not a crime to be punished. It is not a mere breach of contract with the shareholders or customers of the bank; but it is a criminal conspiracy to do what inevitably leads to great public mischief, in the ruin of families, and reducing the widow and orphan from affluence to destitution. I regret to say that, in mitigation of your offence, it was said that it was a common practice. Unfortunately, a laxity has been introduced into certain commercial dealings, not from any defect in the law, but from the law not being put in force; and practices have been adopted, without bringing a consciousness of shame, and I fear without much loss of character among those with whom they associate. It was time a stop should be put to such a system, and this information was properly filed by her Majesty's Attorney-General, and the jury have properly found you guilty. I hope it will now be known that such practices are illegal, and will not only give rise to punishment, but that no length of investigation, no intricacies of accounts, and no devices will be able to shield such practices. On account of this being the first prosecution of this nature, I pronounce a milder sentence than I otherwise should; but the mildest sentence that I can pronounce upon you, Humphrey Brown, Edward Esdaile, and Hugh Innes Cameron, is that you be imprisoned in the Queen's Prison for one year.

Richard Hartley Kennedy, the jury have recommended you to mercy, and I think there are grounds which justified them in coming to that conclusion; but still there is strong evidence against you. That paper for which the jury sent shows that, though you were a respectable member of society, and filled creditably the office of sheriff, you lent yourself to this deception. You did not derive any personal advantage from it, but it is clear to my mind that when you joined in that last report you were fully aware that the bank was insolvent, and you knew it to be false. The lightest sentence I can give you is nine months imprisonment in the Queen's Prison.

William Daniel Owen, the jury have found that you also had a guilty knowledge of the insolvency of the bank, when you concurred in that report and balance-sheet, and I cannot say they were wrong, for you had long been a director, and had ample means of information, and several papers read show that. Therefore, though I think you are less guilty, you must be imprisoned for six months.

Henry Dunning Macleod, the jury, who are the proper judges of the fact, have found you also guilty. The sentence upon you is, that you be imprisoned for three months.

John Stapleton, the jury have found you guilty; but I cannot conscientiously order you to do more than pay a fine of 1*s.* to her Majesty and be discharged.

Mr. KENNEDY applied that execution of the sentences might be deferred till Monday, in order that arrangements might be made.

Lord CAMPBELL.—I will not delay execution of the sentence for a single moment. (Applause.)

The defendants were then removed in custody.

Mr. ATHERTON applied that the other informations might be made remanets.

Lord CAMPBELL.—Certainly.

Mr. KENNEDY.—And be tried after next term.

Lord CAMPBELL.—I will make no order.

The Court then adjourned.

It may be stated that these informations have never been tried.

During some portions of the trial the proceedings were of a very uninteresting and tedious character, but at others the greatest excitement prevailed. This was particularly the case during the addresses of the counsel on behalf of the defendants, and at the close of some of the speeches the applause was enthusiastic, but it was immediately suppressed by the Court.

THE AFFAIRS OF THE ROYAL BRITISH BANK.

At a meeting of the shareholders of the Royal British Bank, held on the 20th of September, 1856, a condensed statement of affairs was exhibited by Mr. J. E. Coleman, which set forth the liabilities at £539,131 12*s.* 9*d.* and the assets, exclusive of Welsh works, £288,644 8*s.* 11*d.* Subjoined, however, are the full details.

Statement of the Affairs of the ROYAL BRITISH BANK, *3rd September,* 1856, *according to J. E. Coleman's Estimate.*

LIABILITIES.

	Head Office.	Strand.	Lambeth.	Islington.	Pimlico.	Borough.	Piccadilly.	Holborn.	TOTALS.
	£ s. d.	£ s. d.	£. s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
To sundry creditors	792 5 5	.....	.....	.....	.....	.....	.....	.....	792 5 5
Do on drawing accounts	143,744 3 3	56,563 7 2	23,076 2 3	45,079 4 7	3,600 15 8	10,778 14 9	11,891 0 8	9,912 0 1	306,635 8 5
Do. on deposit accounts	122,425 4 5	57,906 18 5	18,802 8 1	30,359 10 2	6,386 13 2	6,687 11 9	4,232 16 7	6,194 15 7	252,995 18 2
Do. on cash credit accounts	834 19 6	136 13 1	309 18 1	32 8 9	.....	.....	.....	15 8 11	1,329 8 4
Do. on promissory notes, with interest	5,000 0 0	.....	.....	.....	.....	.....	.....	.....	5,000 0 0
Do. on do., without interest	2,589 11 0	.....	.....	.....	.....	.....	.....	.....	2,589 11 0
Do. on bills in duplicate	161 0 0	.....	.....	.....	.....	.....	.....	.....	161 0 0
Do. on circular notes	887 0 0	.....	.....	.....	.....	.....	.....	.....	887 0 0
Do. on drafts on demand	567 10 10	46 0 0	.....	18 19 9	.....	.....	120 4 0	2 4 2	754 18 9
Do. on unclaimed dividend	421 8 5	.....	.....	.....	.....	.....	.....	.....	421 8 5
	277,423 2 10	114,652 18 8	44,188 8 5	75,490 3 3	9,987 8 10	17,446 6 6	16,234 1 3	16,124 8 9	571,666 18 6
Deduct amounts standing to credit of parties on their drawing or deposit accounts, who are the drawers, acceptors, or endorsers of bills under discount	30,731 7 10	4,462 3 2	871 7 11	1,893 5 8	155 9 9	2,130 7 10	1,346 17 8	749 5 11	42,340 5 9
	246,691 15 0	110,190 15 6	43,317 0 6	73,596 17 7	9,831 19 1	15,335 18 8	14,887 3 7	15,375 2 10	529,226 12 9
To further estimated liabilities	8,600 0 0	.....	.....	.....	.....	.....	.....	.....	8,600 0 0
Liabilities on acceptances granted by the Bank for £5,433 5s. 1d., expected to be met by the drawers, who are indebted to the same amount	.....	.....	.....	.....	.....	.....	.....	.....	.....
Liabilities on bills discounted, £103,335 15s. 2d., of which it is expected the amount of £102,030 15s. 2d. will be duly honoured	1,305 0 0	.....	.....	.....	.....	.....	.....	.....	1,305 0 0
Liabilities	256,596 15 0	110,190 15 6	43,317 0 6	73,596 17 7	9,831 19 1	15,335 18 8	14,887 3 7	15,375 2 10	539,131 12 9

Statement of the Affairs of the ROYAL BRITISH BANK, *3rd September*, 1856, *according to J. E. Coleman's Estimate.*

ASSETS.

	Head Office.	Strand.	Lambeth.	Islington.	Pimlico.	Borough.	Piccadilly.	Holborn.	TOTALS.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
By Cash at head offices and branches	.....	.....	.....	.....	.....	.....	.....	.....	48,528 1 3
Buildings and furniture at head offices and branches	.....	.....	.....	.....	.....	.....	.....	.....	25,730 0 11
Debtors on drawing accounts	2,895 5 1	125 6 8	272 10 11	92 15 1	8 12 10	1 17 0	59 17 6	24 18 4	3,481 3 5
Do. doubtful, estimated at	207 8 2	35 9 1	.....	.....	3 17 6	.....	.....	.....	246 14 9
Do. on accounts, on which cash limits were allowed	52,236 4 7	12,957 13 3	1,928 17 4	1,361 6 2	270 11 9	221 12 8	.....	4,025 12 8	73,001 18 5
Do., do., doubtful, estimated at	1,609 10 11	81 8 8	.....	133 11 9	.....	.....	.....	.....	1,824 11 4
Advances on convertible securities	46,166 1 9	1,030 0 0	.....	.....	.....	.....	1,000 0 0	.....	48,196 1 9
Do. doubtful, estimated at	500 0 0	.....	.....	.....	.....	.....	.....	.....	500 0 0
Past-due loans, good	4,007 17 2	.....	.....	.....	.....	.....	.....	.....	4,007 17 2
Do. doubtful, estimated at	75 0 0	.....	.....	.....	.....	.....	.....	.....	75 0 0
Past-due bills, good	6,122 4 0	678 11 1	.....	.....	.....	22 0 0	.....	.....	6,822 15 1
Do. doubtful, estimated at	3,823 14 11	108 0 10	.....	.....	.....	26 9 6	62 10 0	.....	4,020 15 3
London bills, discounted	77,213 12 11	17,366 7 2	4,626 12 6	3,252 13 10	603 12 6	7,110 9 10	5,898 7 10	3,203 4 8	119,275 1 3
Do., do., doubtful, estimated at	697 19 7	.....	.....	.....	.....	.....	.....	.....	697 19 7
Country bills, discounted	2,364 4 4	1,052 3 0	.....	.....	.....	.....	.....	.....	3,416 7 4
Bills continued with collateral security, estimated at	100 0 0	.....	.....	.....	.....	.....	.....	.....	100 0 0
Do., do., on account of W. Taite, £22,510 3s. estimated at	1,300 0 0	.....	.....	.....	.....	.....	.....	.....	1,300 0 0
Sundry debtors, good	695 14 8	.....	.....	3 2 2	.....	.....	.....	.....	698 16 10
Stamps	345 0 4	.....	.....	.....	.....	.....	.....	.....	345 0 4
	200,359 18 5	33,434 19 9	6,828 0 9	4,843 9 0	886 14 7	7,382 9 0	7,020 15 4	7,253 15 8	342,268 4 8
Less amounts against which parties have credit balances, contra	30,731 7 10	4,462 3 2	871 7 11	1,893 5 8	155 9 9	2,130 7 10	1,346 17 8	749 5 11	42,340 5 9
	169,628 10 7	28,972 16 7	5,956 12 10	2,950 3 4	731 4 10	5,252 1 2	5,673 17 8	6,504 9 9	299,927 18 11
Less allowance for contingencies, exclusive of any expenses, 5 per cent. on £225,669 16 9									11,283 10 0
ASSETS									£288,644 8 11

Welsh works (exclusive of interest) cost..... £106,453 4 9

Statement of the Affairs of the ROYAL BRITISH BANK, *3rd September*, 1856, *according to the Books of the Bank.*

LIABILITIES.

	Head Office.	Strand.	Lambeth.	Islington.	Pimlico.	Borough.	Piccadilly.	Holborn.	TOTALS.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
To sundry creditors	792 5 5	.....	.....	.....	.....	.....	.....	.....	792 5 5
Creditors on drawing account	145,844 3 3	56,737 0 8	24,681 19 4	44,787 6 1	3,445 5 7	10,772 10 11	11,821 3 2	9,887 1 9	307,976 16 9
Do. on deposit account	109,845 13 1	59,570 15 3	18,802 8 1	30,537 14 9	6,518 0 7	6,687 11 9	4,232 16 7	6,194 15 7	301,389 15 8
Do. on cash credits	834 19 6	.....	.....	.....	.....	.....	.....	.....	834 19 6
Do. on prom. notes with interest	5,000 0 0	.....	.....	.....	.....	.....	.....	.....	5,000 0 0
Do. do. without interest	2,589 11 0	.....	.....	.....	.....	.....	.....	.....	2,589 11 0
Do. on bills in duplicate	161 0 0	.....	.....	.....	.....	.....	.....	.....	161 0 0
Do. on circular notes	887 0 0	.....	.....	.....	.....	.....	.....	.....	887 0 0
Do. on drafts on demand	567 1) 10	43 0 0	.....	18 19 9	.....	.....	120 4 0	2 4 2	754 18 9
Do. on unclaimed dividends	421 8 5	.....	.....	.....	.....	.....	.....	.....	421 8 5
Liabilities on acceptances granted by the Bank	5,433 5 1	.....	.....	.....	.....	.....	.....	.....	5,433 5 1
Bills unaccounted for—contra	11,550 13 4	41,801 13 4	1,537 8 2	2,812 0 1	135 15 3	323 5 7	484 18 5	967 16 1	19,613 10 3
	342,927 9 11	118,115 15 3	45,021 15 7	78,156 0 8	10,099 1 5	17,783 8 3	16,659 2 2	17,051 17 7	645,854 10 10

To Capital	£150,000 0 0		
New share deposits	8,735 0 0		
		£158,735 0 0	
Bad debt fund		4,217 0 4	
Liquidation fund		528 13 5	
Premium		215 0 0	
Rent and taxes		112 17 8	
Income tax		2 0 0	
Branches		175,447 12 0	
		£339,238 8 5	356,428 12 3
Reserve fund	£14,202 8 8		
Unappropriated balance, 30th June	1,060 2 7		
Interest received	1,877 12 7		
		17,140 3 10	
		£356,428 12	£1,002,283 3 1

Statement of the Affairs of the ROYAL BRITISH BANK, *3rd September*, 1856, *according to the Books of the Bank.*

ASSETS.

	Head Office.	Strand.	Lambeth.	Islington.	Pimlico.	Borough.	Piccadilly.	Holborn.	TOTALS.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash at head office and branches	.....	.....	.....	.....	.....	.....	.....	.....	48,528 1 3
Buildings and furniture	.....	.....	.....	.....	.....	.....	.....	.....	35,252 17 1
Liabilities on acceptances to customers per contra	5,433 5 1	.....	.....	.....	.....	.....	.....	.....	5,433 5 1
Debtors on drawing accounts	62,712 4 9	604 3 1	.....	.....	603 12 6	.....	.....	.....	63,920 0 4
Debtors on account of which cash credits were allowed	120,963 3 9	16,790 19 8	2,276 19 1	2,040 3 9	270 11 9	221 12 8	.....	4,010 3 9	146,578 14 5
Debtors on convertible securities	130,661 16 9	1,030 0 0	.....	.....	.....	.....	1,000 0 0	.....	132,691 16 9
Debtors on past-due loans	16,598 18 10	.....	.....	.....	.....	.....	.....	.....	16,598 18 10
Debtors on past-due bills	74,410 5 4	5,958 18 1	677 7 0	.....	.....	513 1 6	250 0 0	.....	81,809 11 11
Debtors on London bills discounted	94,707 4 9	17,366 7 2	4,626 12 6	3,252 13 10	.....	7,110 9 10	5,598 7 10	3,203 4 8	136,165 0 7
Debtors on country ditto	5,864 4 4	1,052 3 0	.....	.....	.....	.....	.....	.....	6,916 7 4
Debtors on bills continued with collateral security	23,377 9 6	.....	.....	.....	.....	.....	.....	.....	25,377 9 6
Sundry debtors	1,806 1 6	.....	.....	.....	.....	.....	.....	.....	1,806 1 6
Stamps	345 0 4	.....	.....	.....	.....	.....	.....	.....	345 0 4
Bills received for collection	10,632 6 0	1,801 13 4	1,537 8 2	2,812 0 1	125 15 3	323 5 7	406 7 5	967 16 1	18,666 11 1
By ditto remitted	868 7 4	.....	.....	.....	.....	.....	78 11 0	.....	946 18 4
	550,435 8 3	44,604 4 4	9,118 6 9	8,104 17 8	1,009 19 6	8,168 9 7	7,633 6 3	8,181 4 6	

By adjusting interest account	£22,356 10 6		
Branches	177,984 12 7		
Guarantee	33 5 0		
Clearing	4 13 0		
Suspense sundry accounts	60,916 14 2		
	£261,295 15 3	Assets	721,036 15 2
Working expenses	£4,157 0 9		
Preliminary	15,793 11 11		
	19,950 12 8		
	£281,246 7 11		281,246 7 11
			£1,002,283 3 1

CHAPTER VIII.

THE CRYSTAL PALACE FRAUDS AND FORGERIES, PERPETRATED BY WILLIAM JAMES ROBSON.

The Commission of High Crimes—Their Progress and Influence—Early History of Robson—His Juvenile Tendencies—Appearance in Business Life—Early Occupation—His Humble Resources and Literary Aspirations—Efforts as a Dramatist, and Career in the World of Letters—Subsequent Engagement at the Great Northern Railway—The Development of his Taste as a Man of Fashion, and his Indulgence in Extravagant Habits—The Transfer of his Services to the Crystal Palace Company—His Strict Attention to Duties and Business Habits—The Enlargement of his Sphere of Acquaintances, and the Expenditure necessarily involved—His Promotion in his Office, and the Confidence placed in his Integrity—The Confidence of Mr. Fasson, the Head of the Transfer Department, obtained and subsequently abused—The First Step in Crime—The Style of Robson's Living—The Extension of his Frauds, and the *Modus operandi*—Accidental Discovery—Flight—Capture—Bankruptcy and Trial.

UNDER the most ordinary circumstances, there is something of interest in the record of great crimes. The criminal act may be condemned, but the fact cannot be concealed, that deliberately and voluntarily to brave the feelings and prejudices of society, to proclaim war, as it were, against social laws by violating the recognized and established principles of virtue and morality, require an amount of individual courage which, turned in any other direction, would almost constitute heroism. There are many thousands, unfortunately, in every large community who are born, bred, and nurtured in crime, and who resort to it naturally and from necessity. But these represent a wholly different section from the class of criminals who, either from temptation or design, tamper with the weighty trusts reposed in them, and who dissipate their fraudulently acquired means in the evanescent pleasures of gay society, or

the attempt to obtrude themselves into circles in which their supposed resources may assist to compensate for the absence of position or regularly accredited antecedents. Startling as the revelations were in the history of the great Exchequer-bill frauds, as committed by Beaumont Smith in years gone by, and reproduced as they have been, in another form, subsequently by Walter Watts, in the case of the Globe Assurance Company, the method adopted by William James Robson in gratifying his strong passions and vitiated tastes, and recruiting his resources through the fraudulent transfer of the shares of the Crystal Palace Company, will show that, while engaged in a dissipated round of life, his activity and shrewdness enabled him to conceal his malpractices for some few years, though he never could have hoped eventually to have averted discovery.

William James Robson was born at Chingford, in Essex, in November, 1820 or 1821. His father, it is stated, was a hay salesman, a man respected by his friends and acquaintances, and possessing, there is reason to believe, cultivated tastes. As a boy, Robson exhibited good natural abilities, an aptness for acquiring information, and a ready acuteness in the ordinary affairs of life, which subsequently was so fatally developed. He was, however, more remarkable for sharpness than amiability. In youth, as in manhood, he was selfish and impatient of control, and seemed utterly wanting in the power of self-denial. Thus the strictness of parental discipline soon became irksome to him, and he ultimately ran away from home. His uncle thereupon kindly took him under his care, and perhaps too kindly educated him. In youth and early manhood, Robson displayed good taste in literature and art. He was specially fond of works of imagination, and soon attempted to rival the productions he so much admired. Like most young men who devote leisure time to literary pursuits, he commenced his endeavours by writing verses. One of his earliest lyrics may be

quoted as a proof of his possession of the power of expressing his thoughts in readable if not elegant language. Though not very original in manner or in matter, it is worth reproduction, as in some respects applicable to his own reminiscences in after years:—

"THE DREAMS OF YOUTH.

"We all have dreams in early youth,
Ere life hath gathered elder dross,
And thought lies buried in its truth,
Like violet hidden in its moss:
Those times ere fancy leap'd to speech,
And tear-drops then, unclouded bows,
When hope and love throbb'd each in each,
And every blossom bloom'd a rose.

"We backward gaze in after years,
To view the scenes of early days;
While in the eyes the unbidden tear
The heart's emotion oft betrays.
And thus old age with childhood meets,
Until the soul can dream no more;
The past is then a grave of sweets,
And flowers blossom all before."

This bears internal evidence of having been written at that age when the stern realities of life are beginning to destroy the unreasonable dreams of boyhood, frequently to be succeeded by the scarcely less reasonable aspirations of early manhood. There was in Robson's case little that was utilitarian. Fond of poetry, fiction, and the drama, he occasionally contributed light literature to the periodicals; but the stage became a passion with him. He not only frequented the theatre, but aspired to become a dramatist. Nor was he without considerable promise of excellence unrealized. His best play, "Love and Loyalty," is generally admitted to be a very respectable production. It not only reads well, but, as Douglas Jerrold would have said, "it will play." It is a drama in five acts, and has occasionally run for several consecutive nights. He

was also the author of "Walthoff," "The Selfish Man," "Bianca," etc. The last-named play, his latest production, is the one on which Robson felt most inclined to rely for fame. It is averred that he was proud of it, and with consummate hypocrisy professed to believe that it would be a powerful incentive to virtue. In the dedication, this model moralist thus expresses himself:—"To those, who, believing in the realization of the highest aspirations of the human mind, claim for the drama the proud position of being one of the chief means by which that realization is to be attained." At the very moment when Robson penned this little bit of stage-morality, he was actually a felon, notwithstanding his felony was as then undiscovered. Concurrently with the production of his earlier dramatic pieces, Robson had also essayed to become an actor. On several occasions he appeared in private theatrical companies, in his own play of "Love and Loyalty," and in the provinces he even did not hesitate to appear in public. Individuals who have seen him perform, however, do not speak highly of his Thespian powers, or consider that he would ever have attained excellence.

It is not to be supposed that the young dramatist had procured the representation of his play without that hope deferred, and those constant disappointments which beset the path of all literary aspirants. Writing to a friend on this topic, he observes:—

"It is a national loss that the man of letters has no other tribunal to which to submit the work of his brain than to publishers, or managers, who rarely read what is placed before them; and, if they do, are not qualified to stand in judgment between the author and the public. Some institution is required, to be presided over by a paid council of intelligent literary men capable of separating the chaff from the wheat, and stamping their verdict on the work, somewhat after the fashion that true gold is marked at Goldsmith's Hall. If this system were instituted, there would be no flower born to blush unseen; works of worth and genius would be preserved to the public, and the authors of them saved from discourteous snubbings or polite falsehoods—from men who deal in literature with no higher motive than he who deals in pigs—to make money by it. Depend upon it, if such

a council were formed, and an author were fortunate enough to obtain the word "excellent" stamped upon his work, publishers and managers would scent it from afar, and, with cheque-book and hat in hand, would soon be in full cry after it. It is my full conviction that there are more men of genius struggling for hearing, than those already before the world; and but for the difficulties that have no right to exist, they would now be in that position in society which their gifts entitle them to hold. There are dismal episodes in the life of almost every author of celebrity, not so much connected with the production of his works, as with the difficulties he has had to contend with to get them before the public. Through this wrong, society has had many narrow escapes of losing some of the great books that enlighten and adorn it; and it would be impossible to say how many have been lost. Facts inform us that but for accident we should have had no Goldsmith, no Milton, no Otway, no Bloomfield, no Crabbe, no Johnson, and others of little less celebrity. Men of letters should look more to their own interests than to allow this disgraceful state of things to exist. I write thus strongly upon the subject, because I am at the present moment suffering from a system so pernicious and hurtful to the author. Through the unnecessary difficulties of gaining a hearing, many a fine work, I am convinced, remains buried in library-table drawers, or has been consigned, in the writer's despair, to the destroying flames."

Without seeking to controvert the position Robson here assumes—for which this is not a fitting place—it may be remarked, in passing, that, with some sophistry, there is in this letter considerable truth. Robson, like most literary men, clearly saw the evil, and, with the extravagance natural to youth, he exaggerated it; but his proposed remedy shows little power to grapple with it. The letter is chiefly valuable, indeed, as an index to character. The writer incidentally manifests that vanity which was so strong an element in his composition. Doubtless he regarded himself as that oft-quoted "flower" which is "born to blush unseen," and his unaccepted play as that diamond buried in the dark recesses of a mine, which forms so apt an illustration in the works of adolescent writers.

But the play was not without considerable dramatic power, and there are many passages in it of so lofty a tone of morality that the only wonder is that it could have been written by such an individual. It was produced at the Theatre

Royal, Marylebone, on the 13th of November, 1854, and was printed with a dedication to Mr. Wallack, who played the hero, *Marston*, during its run at that theatre. In this dedication, after writing in terms of the greatest kindliness to "My dear Wallack," the author says :—

"I feel I have that within me which can produce better efforts than this, and I now know that whilst assured of your united aid, I may fearlessly body forth the highest flights of my imagination, with a certainty that they will meet with more than justice in representation. Many a dramatic author has sunk into oblivion for want of able and willing exponents; but I, more fortunate, have found not merely secondaries, but artists of genius, who have charmed me into the belief that some truth and beauty exist in my creations."

This play of "Love and Loyalty," despite all the disappointments which preceded it, may be considered one of the brightest and most favourable episodes in Robson's career. It shows that had he committed himself to the path of literature with honesty of purpose and with an earnest industry, he might have achieved an average success. But subsequent discoveries show that honest industry and earnest purpose in the battle of life were never in reality possessed by Robson.

Literature and the drama were, however, but the casual amusements of young Robson, and were pursued with very little pecuniary benefit. His uncle had intended him for more commonplace pursuits. As a lad, he was first engaged as a law-writer in Chancery Lane—a precarious and ill-paid employment, by which he secured some fifteen or eighteen shillings a-week. But if the money was earned hardly it was acquired honestly, and it would have been well for him had he worked earnestly and hopefully, as many a law-writer had done before, seeking all the while to gain a higher position at a future day. But his early career was marked by those debasing pursuits which ruin health and home, blast many a young man's prospects, blight the fair hopes of woman, and bring many a father's gray head with sorrow to the grave. His work in the day was

pursued mainly to obtain the means of dissipation in the evening. His amusements were the theatre, the casino, and, worse still, the gaming-table. But Robson, it is believed, never staked very deeply. He was too poor to be sought as a victim by the practised gamester, and he himself relished more the amusements of town life than the feverish excitements of play. For those who are in the bloom of youth, the seductions of London are too often fatally powerful; and among these, not the least attractive were those fascinations which only individuals of high moral or religious principle are enabled successfully to resist. In Robson's case there was certainly no restraining power of religion, and it is to be feared his moral tendencies were anything but strong. Gay associates of both sexes were those whom he most willingly selected, and their influence exercised the usual unsatisfactory result—it increased his temptations, while at the same time it undermined his power to resist them.

Still, though he gave himself up to those dangerous amusements which too often induce reckless dishonesty in obtaining the means of gratifying them, he nevertheless, as far as it will probably ever be known, managed to maintain his pecuniary integrity. Negatively he might have been dishonourable—that is to say, he ran in debt and made no struggle to free himself from it—but at least he was not positively fraudulent. Through all his secret excesses he endeavoured to maintain an outwardly respectable position during his employment as a law-writer, and to secure the good-will of the firm by whom he was engaged. By their interest indeed it was that he gained a more advantageous position—that of clerk in the office of the Great Northern Railway Company. In accordance with the supposed judicious arrangements of railway companies, he entered the service at a small salary only, but it was a good opening for him had he determined on a straightforward course of thorough perseverance.

Robson's engagement at the Great Northern Railway was of short duration, though it does not appear that he did anything to forfeit the confidence of his employers. He was however, fond of change, and imagined, perhaps, that the Crystal Palace offered better prospects to ensure future progress. The post which was offered him there certainly could not have been, pecuniarily, very attractive as an immediate engagement, since the salary at which he entered the service was the small pittance of £1 a-week. The position was nominally far better than the emolument, and it is indeed marvellous that a young man of good abilities and education should have been so miserably remunerated. But more surprising still was it how Robson could have kept up the external proprieties of such a situation on so small a salary; for he now had another dependant on him. Shortly before his Crystal Palace engagement, he had assumed the responsibility of the married man. His young wife, it is believed, brought no dowry with her, and all the legitimate sources of his income was the clerkship at the Crystal Palace and occasional contributions to the press and periodicals. It is not probable that the latter source was very fruitful, as his literary efforts were produced only by fits and starts, and they occasionally met the common fate—rejection. A fair prospect was now, however, before him. His appearance and manners were attractive; his talents were admirably adapted to secure advancement; and he soon acquired the confidence of those immediately above him. His duties at the Crystal Palace commencing in the early part of 1853, it was not long before he obtained a better appointment, and in June, 1854, a still more advantageous post was offered him—that of chief clerk in the transfer department, at a salary of £150 per annum. This was no exorbitant pay, truly, for a well-educated, refined, gentlemanly man, of thirty-four, with literary tastes and a large circle of town acquaintances, including actors, artists, and others; but

it was at least a higher salary than Robson had ever before received, and, with prudence, it would have sufficed for the ordinary expenses of himself and his lady, as he was without family.

The head of the department in which he was engaged was Mr. Fasson, the treasurer and registrar of the Crystal Palace Company. This gentleman exhibited some partiality for Robson, induced by his aptness in the duties of his office, and by his engaging and agreeable manners. Gradually but surely, Robson acquired so much of Mr. Fasson's confidence, that occasionally the management of the whole of the transfer department was intrusted to him. He was at this time regarded indeed, by all who knew him, not only as an agreeable and fascinating fellow, but as a man of honour and integrity. His position at the Crystal Palace—in name and character, rather than from its emolument—gave him a good *status* of respectability, and secured him attention among his acquaintance. In a word, the path of rectitude and comfortable maintenance was before him.'

But Robson was not a gentleman of simple tastes or habits. The calm pleasures of domestic life had no charms for him; he longed for the more delusive charms of a fast career, and repined because his moderate salary debarred him from the gratification of his luxurious desires. Ambitious in his thoughts and voluptuous in his enjoyments, the theatre or the ball-room made the every-day duties of the desk and the transfer-book horrid drudgery to him. His salary also remained stationary, while his appetite for the exciting pleasures of West End life increased. His means of securing the enjoyments of his congenial but more wealthy companions could not keep pace with his pretensions, and to secure some one special pleasure the ghastly demon Crime at length proffered his aid. Temptation attacked Robson—to give him justice in weighing the enormity of his subsequent delinquencies—at a

great disadvantage. He had drank deeply of the cup of pleasure till he had become intoxicated with excitement; the glare and glitter of the stage, the gossip of the greenroom, the tinsel friendship of gay associates, unsettled a mind never trained to the steady routine of every-day business, and then the fatal facility of an escape from apparent toil to the assumed refinements of fashionable life was presented to him with a force which he was unable to resist. How suddenly the thought of committing forgery first flashed upon him—how he repelled it with horror—how it returned with subtle malignance at a weaker moment—how he still rejected it—parried its returning assaults—and finally yielded to the Tempter—need not be too curiously inquired into. The temptation and the fall is an ever-recurring tragedy—one of those life-dramas of humanity, in which there is many an agonizing scene. Many a time, perhaps, have these terrible phases been reproduced with vivid remembrance to the remorseful brain of the now convicted felon, with a ghastly distinctness which none but Robson himself can probably ever realize.

The mode, however, in which the delinquency was effected was subsequently exhibited clearly enough. Mr. Fasson, the superintendent of the department, was afflicted with ill-health. He was consequently frequently absent, and Robson, at such times, had unlimited control. A considerable portion of the business of the transfer office was, in fact, in his hands entirely. There was, as is customary in the transfer department, a book containing a register of shareholders of the company, every person possessing any shares having his name inserted as a means of reference and identity. This register was evidence to the company of the title of the persons upon it, but to the public at large, and the parties themselves, the company were compelled by their deed to issue certificates to show what that title was; and these certificates, if possessed by others, would give an apparent title in the eyes of the public to a transfer of shares.

But inasmuch as the certificates given showed the names of the real persons on the register, no parties who chose to make proper inquiry could by possibility be defrauded, or could be induced to part with their money without a legitimate transfer. But Robson took advantage of the confiding trust of the shareholders. The certificates, bearing the names of the persons appearing upon the register, were frequently allowed to remain in the possession of Robson. Shareholders, instead of taking their certificates into their own possession, often suffered them to remain in the custody of the company. Now, as already mentioned, any person possessing these certificates was able to claim a title to the shares in the market. Robson knew that if he had used any of the names placed on the register, and had sold or transferred those shares, and the parties had applied for dividends, the frauds would have been detected. Laying his plans more cautiously, however, he determined on going to the brokers and offering to transfer the shares, not using the name of any person appearing on the register or on the certificates, but using another name. With a want of feeling, the party whom he selected for his victim was his own brother-in-law, Mr. H. Johnson, a contractor and builder residing in Birmingham. This gentleman, who was shown never to have had any shares in the Crystal Palace, and who knew nothing whatever of the transaction, was thus brought into painful notoriety, and was, by a natural misapprehension on the part of the public, considered to have had collusion with the only guilty party in the matter. Mr. Johnson's participation in the proceeding, however, was absolutely nominal; his name had merely been used for basely fraudulent purposes.

The way in which the proceeds of the fraud and forgery were obtained was this:—Robson directed a Mr. Clement, a stock-broker, to sell 100 shares in the company, and the broker accordingly sold them—50 to a Mr. Joseph Lowe, and 50 to another person. For these shares the broker received £295, which he

paid over, less commission, to Robson. The document by which these shares were transferred, purported to convey the shares from Johnson to the purchasers. The signature to the deed, where the name of the transferer should be, was that of Henry Johnson, nominally, of course, written by that gentleman, but virtually being a forgery on the part of Robson. Opposite to this name were the seal and signature of the attesting witness, "William James Robson, of No. 3, Adelaide Place" [London Bridge—the offices of the Crystal Palace Company].

It has been said, that the mode in which the forgery and transfer were effected should have aroused suspicion when the document was offered for negotiation. Johnson, it has been remarked, had no right to transfer, seeing there had been no previous transfer to that gentleman, and this fact might naturally have created doubts as to the *bonâ fide* character of the transaction subsequently sought to be effected. In reply to this, however, it has been observed, that the broker not unnaturally assumed that some person might have transferred the shares to Johnson, and that Johnson had a right to transfer them to a subsequent purchaser. In addition to this, Robson's position was an official one, as the chief clerk in the department from which the transaction emanated; and, at the time, no cloud of distrust had dimmed his reputation, to say nothing of his plausible manners and his clever, business-like tact in his pursuits.

This, his first forgery, was effected successfully in January, 1856. He had passed the rubicon of crime, and was hurried on in his fatal course by new temptations, which became more powerful as his desire to resist them became weaker. And now the fatal fascination of a gay and dissipated life laid fast hold upon him. New pleasures required additional funds, and forgery and dissipation hastened his final ruin.

The career that Robson now wholly abandoned himself to was that of the open profligate and man of pleasure But to enjoy

this life, if enjoyment it could be called, it was necessary for him to lull suspicion by assuming to have other resources than his salary of £150 per year. To account, therefore, for the luxuries which he purchased by robbery, he gave out that he had made several fortunate speculations in commercial companies.* To give the greater colour to this false representation, he employed some of the ill-gotten wealth which he temporarily secured, in establishing antimony works in Lambeth.† Truth to say, however, few are curious enough to inquire into the sources of those refinements and luxuries in which they may participate. The gay, fascinating spendthrift, who gives grand parties, who invites his friends to a trip in his yacht, or a seat in his well-appointed vehicle, is too often accepted just for what he is worth, without the least reflection as to the means by which his wealth is acquired. He is called a good fellow, and is spoken of as a lucky dog, and no suspicious questions are raised until the final catastrophe arrives. Thus it was in Robson's case. Some there were, perhaps, who had their misgivings as to the sources of his newly-acquired luxuries, but the great majority of his town companions were but too happy in the hollow friendship of the prodigal, who spent his gains in rioting and excess, or more frequently in the more refined but equally seductive pleasures, which have the approbation of "society." Those who knew what his official position was, and that his salary was but a moderate one, have been known to joke him upon the fact of so gay and fashionable a man retaining a post so unworthy of his place in the world of fashion; but to such inuendos he always replied that he felt it necessary to have some settled occupation to regulate his habits, and to impose some little discipline, in order that he might not fall into

* And this to a certain extent was not untrue. He had been mixed up in several undertakings, and had in some operations been successful at the Stock Exchange.

† Robson was made a bankrupt as an antimony smelter.

ennui. The reason was plausible enough, and it was accepted for the moment as sufficient.

The pleasures in which the fashion-loving clerk indulged were not such as to prevent his regular attendance to his duties. As the office-hour came round, Robson was at his post, overlooking everything in the absence of his principal, or, when he was there, with the most subtle cleverness forestalling any suspicion which else might have been engendered. In this respect he acted with true worldly wisdom. He was always at hand to answer any inquiries, ever ready with some admirably plausible explanation for any omission or discrepancy in the accounts. But out of the office, he immediately devoted himself to the pleasures and allurements of a gay town life.

As soon as he had committed himself to the pursuit of robbery, he had taken a pretty, quiet, and yet fashionable villa at Kilburn, a north-western suburb of London. It was called the Priory, and was just such a cottage as a well-to-do merchant or a retired professional man might have chosen. The Priory soon became the resort of a crowd of fair friends, who were only too ready to share in the host's supposed prosperity. He himself now became emphatically a man of pleasure. "*Dum vivimus vivamus*," appeared to be his motto, the idea of "life" being the *roué's*, the exquisite's, the fast man's notion of mundane bliss. No gentleman's equipage was a better turn-out; no mare was more sleek and well-groomed than his fast-trotting "Eliza;" none more fashionably dressed and bejewelled than Robson himself. Like many others who have better right to the enjoyment, he was fond of horses, and could familiarly speak of the favourites of the turf. Races were his delight, and his drag for the Derby was by no means the dullest or slowest on the road. In personal dress and adornment, Robson was quite luxurious. He had the most approved cut coats, the most exquisite waistcoats, and his whole wardrobe was, if anything, even too profuse for a man of his habits. Dressing-gowns,

ordinary coats, evening party dresses, shooting and angling dresses, he possessed in redundant variety. His jewelry, including diamond studs and rings, was most expensive, and, in fact, his whole appearance that of a *distingué* London gentleman; and he was, accordingly, everywhere treated with that outward deference which good personal appearance, with all the advantages of good attire, invariably commands.

Kilburn Priory, expensively and elegantly furnished, had become almost the nightly scene of festive entertainments. Robson's young wife, utterly ignorant of the fraudulent way in which supplies were derived, not unnaturally gave way to the seductive influence of her new sphere, all the more charming because it was comparatively fresh and novel. Her husband was the life and soul of the merry—can it be said happy?—assemblies which there congregated. His gay, *debonnair* manner, his literary and artistic tastes, his dramatic powers, were all called into requisition; and it may well be supposed that, at those moments when the fear of detection was strong upon him, he unreservedly gave himself up to the delirious delights of the mazy dance, or to the false allurement of the card-table.

How long this course of dissipation and crime lasted, it were difficult to estimate. It must be remembered, however, that he entered on the service of the Crystal Palace Company in the beginning of the year 1853, and continued in the engagement till the 17th of September, 1856. When it is borne in mind that the detected forger acknowledged that his robberies had extended to no less a sum than £10,000* (which was under the mark), it may well be conceived how fast and furious were his fashionable parties, how reckless his personal expenditure. But Kilburn was not the only scene of his gay extravagance. He made little secret of being unfaithful to his wife. Two mistresses, in distinct establishments, helped Rob-

* The reports of Messrs. Quilter, Ball, and Co., who investigated the accounts, show that the actual deficiency was, in round numbers, £27,000.

son to spend his ill-gotten wealth. Presents were lavished upon these ladies; servants attended them; tradesmen gladly obeyed their orders; and the wild prodigal paid for all.*

Such a course of fast, fashionable luxury could not last for ever, and many a time Robson must have felt that his dishonest income was not enough for the demands upon him. Crime lagged behind Luxury. But once committed to his desperate career, he had nothing left but to dash on recklessly, wilfully, blindfold, and with stifled conscience. Madly and swiftly indeed did he now rush down the fatal path, which ever terminates in ignominy and darkness. Gay company and flattering friends at home, or with one of his mistresses at night,† and his fast mare in the morning, to carry him to the scene of secret fraud—his course was one interminable scene of excitement. To presume that this was pleasure, is to shut our eyes to human nature and ignore general experience. Bitter must have been Robson's memories, but more bitter far must have been his fears for the fatal discovery which he knew must come. He had arrived at the pinnacle he had sought, but he dared not look at the dark gulf beneath. He had gained wealth but not happiness. The apparently golden fruit had crumbled to ashes in the grasp. How deep was the agony of his anticipations may be imagined from the fact that, when in the very zenith of his luxury, he possessed a ring so contrived that it held enough poison to take away his life when the moment of detection came.

But still the course of crime was trodden. Day after day he would drive on the road to his office in his neatly-appointed cab, putting up, however, hard by, that he might not appear at

* It seems to be calculated that he spent at least £3000 a-year, since, in addition to his frauds, he was in some respects fortunate at the Stock Exchange, and he derived some emolument as a director of one or two companies.

† The discovery of his place of concealment abroad was through a letter directed to the milliner of one of his mistresses, which fell into wrong hands, and was surreptitiously made use of.

the office to be living too fast; and, when there, he would pay the most devoted attention to the accounts, with that cunning caution which fraud necessitates, and with the agony of fear induced by crime. He knew that he was standing on a mine which might explode at any instant and hurl him to destruction.

At last the explosion came, bringing ruin and devastation on Robson, his wife, and his home. On the 17th of September, 1856, Mr. Fasson, the head of the transfer department in which Robson was engaged, applied to him for some certificates. They were missing. It would seem that the question was not asked in suspicion; the certificates happened to be wanted. This occurred in Mr. Fasson's private rooms at the Palace, in the presence of Mr. Grove, the secretary. Robson must have been well-nigh thunderstruck, but controlling his agitation, he endeavoured to evade the question. If Mr. Fasson had been hitherto unsuspecting, suspicion must now have come upon him, and he persisted in his demand. No longer able to evade inquiry, Robson affected to treat the matter lightly as a mere mistake, and said that he had the certificates at his private residence at Kilburn. The truth seemed to flash horridly upon Mr. Fasson, and he proposed that they should proceed to Kilburn for the missing documents—go at once—go *now*. Still Robson's studied coolness did not desert him, and he assented as a matter of course. A conveyance was immediately ordered, and the clerk and his superior at once drove off for Kilburn. What must have been the detected forger's thoughts every student of human nature may imagine; but though despair and remorse may have seized on their victim, his impassible countenance betrayed no signs of the inward struggle. On reaching Kilburn Priory, the pretty house which soon was to be untenanted, Robson ushered Mr. Fasson into a parlour, chatting pleasantly upon ordinary topics, and rang for lunch. Mr. Fasson sat down, ill at ease and anxious for the production of the certifi-

cates. Robson would just step up and fetch them—he would not be a moment—and they would then take "a snack" together. He stepped up-stairs—he came into the parlour—he had mislaid them. This was perhaps thrown out as a feeler to his principal. But he was stern. He would wait till they were found. Again Robson went up-stairs, ostensibly to search for them, Mr. Fasson pacing the room with anxious excitement. Time passed on, and Robson did not return. At last Mr. Fasson could bear his suspense no longer. His inquiries for his clerk were so urgent that the house was searched; and searched in vain. Robson had taken sudden flight.

Hurrying back alone to the Palace in the same vehicle which had brought his scheming, but at last baffled, clerk to Kilburn Priory, Mr. Fasson at once communicated with the directors. Robson's accounts were immediately examined through the new light which had burst upon the officials, and the gigantic fraud was discovered. The intelligence soon spread and reached City circles. It was communicated on the Stock Exchange in the laconic sentence, "Something wrong with Crystal Palace shares—Robson, the clerk, has decamped." The immediate effect was a drop in price. The discovery made, the police were communicated with, and a reward of £500 was offered for his apprehension.

Meanwhile the fugitive criminal had hurriedly gathered together all the money and valuables he could secure in a small compass, and having made his exit from the back of his suburban residence, had actually the cool audacity to order a cabman to drive him to a West End tavern, where he ordered dinner for himself and a friend. The repast was sent in—fish-curry, and a brace of partridges. With a squeamish epicureanism which reminds one of the choice of viands allowed to prisoners before they are led to the fatal scaffold, Robson, so it is asserted, found fault with the course. "I am very sorry," said this exquisite delinquent to the attendant, "that Mr. ——

has sent me curry, for I never eat it;" adding, as he shut his eyes to his impending fate, "Pray tell him to remember this when I dine here again." Robson never dined there again.

Though temporarily secreted in London, flight from his country was, he well knew, his only chance. The detectives, like bloodhounds, it was certain would at once be on his track, and he accordingly took passage in a steamer bound for Copenhagen, still in company with a lady—a relative. He assumed that much-abused patronymic Smith. Edward Smith was his travelling name, and he also had disguised himself the better to escape recognition. All, however, was unavailing. The machinery of the law and the aid of the telegraph proved too much for him. The heads of the continental police were made acquainted with his figure, appearance, manners, etc., and in every city and town their subordinates were keenly on the look-out. One of the Elsinore inspectors, it is asserted, first discovered the track of the fugitive. Learning that Edward Smith was the *incog.* which the distinguished tourist had assumed, the official arranged his course of observation and at last traced the progress of the very name. Thereupon he proceeded to Helsingfors, on the Swedish side of the Sound, and obtained the assistance of the local police. In an hotel, enjoying the luxuries of a guest, was consequently found the fugitive. He stoutly denied, however, that his name was Robson, and disavowed all knowledge of any such a person. The officer was at first somewhat disconcerted at the calm and apparently innocent way in which Robson asserted the injury which was being done him; but happening to see on a chair in the room a shirt with the initials W. J. R., the police-officer felt sure of his prey, and apprehended him. He was taken to Copenhagen, where, on the 7th of October, 1856, Daniel Coppen, an English serjeant of police, took possession of him as a British prisoner.

Robson now felt that further subterfuge was useless, and

on Coppen telling him the charge against him, he replied, "Yes, I know; I am very sorry for what I have done, and I must suffer the law." Coppen then asked him if he was willing to go back, to which Robson, at once helplessly resigning himself to his fate, replied, "Yes, I shall be glad to get back." On their passage, Coppen said to him, with the semi-official inquisitiveness of a police inspector, "I'm told you've spent as much as £20,000 of the Company's money." "No," replied the now unresisting felon in the hands of justice, "not so much—not more than £10,000." *

After preliminary examinations at the police court, Robson was placed at the bar of the Central Criminal Court, before the Lord Chief Baron and Mr. Justice Erle, on the 30th of October, 1856. There were eight indictments against him. By two of these he was charged with larceny, as a servant, in stealing a number of valuable securities, called shares of the Crystal Palace Company; and he was likewise charged with six separate acts of forgery in reference to the transfer of the said shares. The prisoner, who appeared very little affected by his position, listened attentively to the indictments, and pleaded "Not guilty" to the whole of them. Mr. Giffard, Robson's counsel, then made an application for a postponement of the trial till the following session, as he was unprepared for the exact charges thus brought against his client. After some argument, Mr. Ballantine, for the prosecution, agreed to allow the trial to stand over for a day or two if the Lord Chief Baron would consent. His Lordship, however, said that the application must be postponed for that day at least. Mr. Giffard accordingly renewed the application on the following day. Mr. Ballantine opposed it, and Mr. Justice Erle, after conference with Baron Martin, said the Court was of opinion that the application should be refused. After some

* It would appear, from the result of the official inquiry, that the nominal amount was, as before stated, £27,000.

further conversation, it was arranged that the trial should take place on the following day.

Accordingly, on Saturday, November 1, 1856, the trial was proceeded with. The Court was crowded, and the prisoner took his stand at the bar with a confident bearing. Mr. Serjeant Ballantine appeared specially, with Mr. Bodkin and Mr. Hawkins, to conduct the prosecution; Mr. Giffard and Mr. F. H. Lewis were the counsel for the defence. Mr. Giffard intimated that the prisoner was desirous to retract the plea of not guilty upon three of the indictments, which charged the offence of larceny as a servant, and to plead guilty to those charges. On the clerk of the arraigns asking the prisoner if this was so, he replied, "Yes, I plead guilty to those charges." The counsel for the prosecution then held a short conference, and Mr. Ballantine directed that the prisoner should be arraigned upon one of the charges of forgery. The prisoner was accordingly given in charge to the jury upon an indictment which alleged that he had erroneously forged a transfer of a number of shares in the Crystal Palace Company with intent to defraud Henry Johnson. He was also charged with uttering the same instrument, knowing it to be forged.

Mr. Ballantine then opened the case for the prosecution, and stated the facts as they have previously been given, preliminarily speaking of Robson as "a young man of great intelligence, and considerable powers of mind, and possessed of an education very much beyond the rank of life to which he originally belonged." In support of his statements, the learned counsel called Mr. G. S. Clement, a stockbroker, who deposed to selling 100 Crystal Palace shares, on behalf of the prisoner, to a Mr. Joseph Lowe, and another person. The transfer purported to convey these shares from Mr. Henry Johnson. This gentleman was subsequently called, and deposed that the signature "Henry Johnson" was a forgery.

Mr. G. Fasson, the treasurer and registrar of the Crystal

Palace Company, deposed to the prisoner having charge of all the books and papers belonging to that department; to certain certificates being missed; to the statements of the prisoner, and their going to Kilburn, from whence he absconded; to the signature "Henry Johnson" being in the handwriting of the prisoner; and to the fact of Mr. Johnson not being a shareholder.

Mr. Giffard, for the prisoner, endeavoured to show that Johnson had borrowed money of Robson; that the former gave the latter liberty to use his (Johnson's) name instead of his own, in the transfer of shares, as a clerk would not be allowed to deal in the shares of the company; and that consequently the prisoner was not guilty of forgery, having Johnson's authority to sign the transfer in his name.

The learned Judge, in summing-up, said that if the jury believed that Johnson had not signed the transfer, or given the prisoner authority to sign it for him, the offence of forgery would be proved. It was entirely a question of belief or non-belief of the witnesses, Mr. Fasson, Mr. Grove, and Mr. Johnson.

After a few minutes' consultation, the jury returned a verdict of Guilty.

During the exciting interval while the jury were consulting, the prisoner drew his breath painfully, and when the fatal word "Guilty" was pronounced, he turned very pale; but he soon recovered self-possession.

Mr. Serjeant Ballantine stated that there was another indictment for the forgery of a dividend warrant. Mention had been made of £10,000 as being the amount of the loss sustained through the prisoner. That amount might have been exceeded, although not much.

Mr. Justice Erle giving it as his opinion that the character of this charge did not greatly differ from that already disposed of, Mr. Ballantine said he would not proceed with it.

Mr. Justice Erle then passed sentence, observing that the prisoner had evidently practised crime for a considerable period, obtaining thereby very large sums of money. "It is my duty," continued his Lordship, "to give warning, by the sentence passed upon you, that an apparent course of prosperity derived from crime in reality leads to misery and destruction. I order that for the forgery of which you have been convicted, you be transported for twenty years; and with respect to the larceny of which you have pleaded guilty, I pass upon you the sentence of fourteen years' transportation, concurrently with the other sentence."

The prisoner, who had manifested great coolness and self-possession during the trial, turned his head half aside, and appeared to be writing while the judge was addressing him. His countenance changed a little when he heard the sentence, but his features quickly assumed a defiant expression, and he walked from the dock with a brisk and firm step.

The career of Robson contains ample materials "to point a moral or adorn a tale." His case, however, differs from many others in no important particular. Without any honest industry of mind or body, he early gave himself up to habits of idleness and dissipation. With talents that might have adorned any station, he chose to waste them in the feverish and wearing excitement of a gay, thoughtless life. Eager in the pursuit of pleasure, he became reckless as to the means of gratifying it; and that he might pursue the short life of a rake, he sacrificed wife and home; brought disgrace upon his name; threw from himself the power of ever again enjoying those very pleasures he loved so dearly; and consigned himself, at the early age of thirty-five, to what has not been inaptly designated a living tomb.

REPORT OF THE DIRECTORS OF THE CRYSTAL PALACE COMPANY ON THE ROBSON FRAUDS.

"TO THE SHAREHOLDERS OF THE CRYSTAL PALACE COMPANY.

"The shareholders are doubtless aware that, after the discovery of the frauds perpetrated on the company by William James Robson, lately employed in the Registration and Transfer Offices, the directors lost no time in requesting Messrs. Quilter, Ball, and Co., the accountants, to undertake a minute investigation into the state of the share registers, as well as into the nature and amount of the forgeries and other frauds committed against the company. The general results of this investigation are contained in the annexed letter from those gentlemen, and in calling the attention of the shareholders to this communication, the directors cannot but express their deep regret at the extent of the frauds which it discloses.

"The directors have, however, taken the best measures in their power to prevent a recurrence of any such practices, and they are, with the assistance of Messrs. Quilter, Ball, and Co., making a further searching inquiry into all the circumstances attending the past transactions, the result of which will be communicated to the shareholders, it being the wish of the directors that these matters should undergo the fullest investigation.

"It has been already intimated by the directors, in reply to a resolution of the Committee of the Stock Exchange, that they considered it incumbent on the company to admit as binding on it, all share transactions which had been actually registered in its books, or which had been duly acknowledged as registered by its proper officers. By the adoption of this course, it appears from the annexed letter, that the result of the frauds is to add the sums of £10,996 in respect of preference shares, and £16,890 in respect of ordinary shares (taking the shares at their par value), to the capital of the company.

Should it ultimately be determined by the proprietors to let these amounts stand as a permanent addition to the capital of the company, this may be done under the powers of the Act of Parliament obtained in the last session, and the amount on which dividend must be paid will be proportionately increased.

"The above amounts, however, must be taken subject to the final report of Messrs. Quilter, Ball, and Co. on the completion of their inquiry.

"In the meantime the directors think it desirable that the conversion of the shares into stock (power for which is also given in the Act of last

session) should be carried out as soon as possible; and with this view they propose:—

"That the original shares, and the A. and B. shares, shall be converted into a general consolidated stock; every holder of such shares to be entitled to £5 stock in respect of each share.

"That the preference shares shall be converted into a preference stock, every holder of such shares to be entitled to £5 preference stock in respect of each preference share.

"Resolutions to the above effect will be submitted to the next general meeting of shareholders.

"The directors take this opportunity of stating that they have made the following arrangement with regard to dividends:—

"That the dividend of two shillings per share on the original and A. and B. shares, declared at the last ordinary meeting, and the dividend at the rate of seven per cent. per annum on the preference shares for the half-year ending 31st December last, be made payable to the shareholders standing on the registers of the company on the 10th February next. That for the purpose of testing the accuracy of the share register, all shareholders be requested to send in forthwith a return of the particulars of their shares in the enclosed form; and dividend warrants will be issued on the 2nd March to all shareholders who shall have so sent in the particulars of their shares on or before the 10th February, should such shares on examination prove to be correct.

"The share certificates will, as soon as practicable, be called in for cancelling, and a certificate of stock be issued in exchange.

"By order of the board, G. GROVE, Secretary.

"Crystal Palace, 26th January, 1857."

REPORT OF MESSRS. QUILTER, BALL, AND CO.

"TO THE DIRECTORS OF THE CRYSTAL PALACE COMPANY.

"Gentlemen,—As requested by you, we now hand you a summary of the results of the detailed and extensive investigation which, in pursuance of your instructions, we have made into the books, accounts, vouchers, and other documents of the Crystal Palace Company, with the view of ascertaining the method, character, and extent of the frauds lately committed against the company.

"SUMMARY OF FRAUDS DISCLOSED BY THE INVESTIGATION OF THE ACCOUNTS.

Preference shares:— In respect of scrip registered.	£	s.	d.
1st, 2nd, and 3rd call on shares issued in excess of the 30,000 preference shares .	2356	0	0

Brought forward . .			£2356	0	0
Note.—We find duly accounted for in the books of the company, in respect of the 30,000 preference shares authorized, the sum of £149,817, viz.:—					
Full amount of 1st call of £3 per share .	£90,000				
On account of the 2nd call of £1 per share .	29,987				
And on account of the 3rd call of £1 per share	29,830				
	£149,817				
Leaving to represent calls in arrear . .	183				
Total receivable on 30,000 shares at £5 each	£150,000				
In respect of shares registered.					
Fraudulent issues. 924 shares at £5 .			4,620	0	0
Fraudulent transfers. 804 shares at £5 .			4,020	0	0
			£10,996	0	0
Exclusive of fraudulent transfers of 392 shares (not registered).					
Ordinary shares:—					
Fraudulent transfers, registered, 3378 shares at £5 .			16,890	0	0
			£27,886	0	0

Exclusive of fraudulent transfers of 1002 shares (not registered).

"This sum of £27,886 is also exclusive of the sum of £915 6*s.* 10*d.* misappropriated in respect of season ticket receipts since 30th April, 1856.

"It being in your contemplation to pay an immediate dividend to the proprietors, it appears to us that the occasion furnishes a favourable opportunity for the exercise of the powers vested in the company to consolidate the shares into a general capital stock, which measure would require the calling in of the existing shares, and constitute a test of the possibility of any frauds having been committed by the creation of fictitious transfer certificates or acknowledgments beyond those included in the foregoing summary.

"But there are considerations of a general character, and altogether without reference to the recent frauds, which render the consolidation of shares into stock an act of great value and importance; we allude to the simplification and consequent increase of security and economy, which it would have the effect of introducing into that department of the company's business.

"In making this preliminary communication, we desire to mention, that although considerable time has now elapsed since we commenced this investigation (September 20th), the interval has been fully occupied in the varied work necessary to give effect to your instructions, that our examina-

tion should be of the most searching character; and we have found it impossible, in consequence of the complicated nature of the frauds, their number, and the mass of documents necessary to be gone through in order to detect them, to arrive at an earlier result.

"We are preparing to make a full report, setting forth in detail the particulars of the frauds perpetrated.

"We remain, gentlemen, your most obedient servants,

"QUILTER, BALL, AND CO.

"57, Coleman Street, 17th January, 1857."

In a subsequent report on the same subject, the directors remark.—

"From the statement at the foot of the balance-sheet D it will be perceived, that the total amount of cash abstracted by Robson, together with the expenses incurred in his apprehension and conviction, and in the subsequent investigation by Messrs. Quilter, Ball, and Co., amounts to about £4000; against which a sum of at least £1000 will be recoverable from his estate. The balance of £3000 the directors propose should be written off at once to the debit of revenue, thus leaving the capital account to bear only the amount of shares actually created by Robson. From the final report of Messrs. Quilter, Ball, and Co., on their investigation into the extent and nature of these frauds—an elaborate document which is in the hands of the directors—the total amount of shares fraudulently issued appears to have been 3446 ordinary shares at £5, representing £17,230, and 2161 preference shares, representing £10,793; thus showing, in the aggregate, an increase of only £137 on the sum named in the preliminary report of Messrs. Quilter, Ball, and Co. The mode in which Robson perpetrated these frauds has had the effect of already adding to the ordinary and preference share capital the respective amounts above stated, and which could not now be disposed of, except by buying back the shares and cancelling the over-issue—an operation for which the directors have neither the means nor the requisite powers. Under these circumstances there appears to be no alternative, but to leave these amounts to stand against the capital."

THE TRIAL AND CONVICTION OF W. J. ROBSON.

At the Central Criminal Court, on the 30th October, 1856, William James Robson, aged 35, the late transfer clerk in the offices of the Crystal Palace Company, was placed at the bar, before Chief-Baron POLLOCK and Mr. Justice ERLE, to plead to the several indictments that had been preferred against him, and found by the grand jury.

The prisoner appeared very little affected by his position, and he listened attentively while the indictments were being read over.

There were eight indictments against the prisoner. By two of them he was charged with the offence of larceny, as a servant, in stealing a number of valuable securities, called shares of the Crystal Palace Company, and he was likewise charged with six separate acts of forgery in reference to the transfer of the said shares.

The prisoner pleaded "Not guilty" to the whole of the charges, and he was then removed from the bar.

Mr. GIFFARD, who was instructed to defend the prisoner, addressing the Court, said, that he had to apply for a postponement of the trial to the next session. The prisoner had been only recently committed upon two charges of larceny; but it appeared that the prosecutors had, in addition to these two charges, preferred no less than five indictments for forgery against him. He had not received any information as to the nature of these charges, neither had he any means of knowing the character of the evidence that would be brought forward to support them, and, under these circumstances, he thought the Court would only consider it reasonable that the prisoner should be afforded an opportunity of knowing what the charges were that were to be preferred against him, and which he would be called upon to answer.

Mr. Serjeant BALLANTINE, who appeared for the prosecution, said that his learned friend had correctly stated that indictments for forgery had been preferred against the prisoner, in addition to the charges of larceny, and, in point of fact, six charges of that description, and not five, had been preferred, and found by the grand jury. Mr. Robson, however—

The CHIEF BARON.—Who is Mr. Robson?

Serjeant BALLANTINE.—Mr. Robson is the prisoner; and he was about to state that it was at his own request that he was committed upon the two charges of larceny, but he was distinctly told at the time, that although he only then stood committed upon these two charges, other charges would be preferred against him. As to the application for a postponement, he could only say that the principal difficulty was that one of the witnesses, whose evidence was very material, was dangerously ill, and, if the case was postponed, it was doubtful whether he might be able to attend on the next occasion.

The CHIEF BARON said it appeared to him that the application could not be entertained except upon affidavits embodying the facts.

Mr. GIFFARD said that Mr. Lewis, the attorney for the prisoner, would at once prepare an affidavit.

Serjeant BALLANTINE observed that it would be very advisable that the matter should be disposed of on the present occasion, and he said he had no objection that the case should be postponed until Saturday, and the in-

terval would probably be quite sufficient to put his learned friend in a position to meet the charges of forgery.

Mr. GIFFARD said he should certainly not be ready to meet the cases of forgery by the day mentioned.

The application was then ordered to stand over for the preparation of the affidavits.

On the 31st October, as soon as Mr. Justice ERLE and Mr. Baron MARTIN had taken their seats at the Central Criminal Court, William James Robson was again placed at the bar, when

Mr. GIFFARD, who (with Mr. F. H. Lewis) appeared in behalf of the prisoner, renewed the application he had made on the previous day for a postponement of the trial to the next session. The learned counsel read an affidavit made by Mr. J. G. Lewis, the attorney for the prisoner, in which that gentleman stated that he was prepared to defend him upon two charges of larceny, upon which alone he was originally committed, but that, having heard rumours that other charges were to be preferred against the prisoner, he a few days ago applied to Messrs. Johnson, Farquhar, and Leech, the solicitors to the company, for information upon the subject, and had received a reply only on Saturday last, in which these gentlemen informed him that it was intended to prefer several charges of forgery, in addition to those of larceny, and that twenty witnesses, and probably more, would be called on behalf of the prosecution; and the affidavit concluded by stating, that under these circumstances, if the trial were had this session, it was impossible for him to instruct counsel. The learned counsel said that the Court would bear in mind that there had been no investigation before the magistrate in reference to these fresh cases, and that the prisoner was entirely ignorant of the nature of the evidence that was to be adduced in support of them, and that no opportunity whatever had been afforded to make any inquiries respecting the witnesses. So far as the prisoner was concerned, he must of course remain in prison, but he had no hesitation in stating that if the trial was forced on at the present time the prisoner would virtually be undefended.

Serjeant BALLANTINE (who was specially retained, with Mr. Bodkin and Mr. Hawkins, on behalf of the prosecution) said he should be at all times unwilling to oppose such an application as this on the part of a person in the unfortunate position of the prisoner, and he should not do so on the present occasion, if he did not feel it an imperative duty. The fact was, that before the prisoner was committed, notice was given to him that these charges would be preferred against him, and all the witnesses, many of whom came from different parts of the country, were now in attendance at great expense to the company and to themselves, and it would be productive of the greatest possible inconvenience and expense if the trial were

to be postponed. If the defendant really had any well-founded ground of complaint, and there was any reason to suppose that he really had not been afforded an opportunity of meeting the charges that were made against him, it would, of course, be a very different thing; but when the Court was made aware of the real facts, and had heard a portion of two letters written by the prisoner to the directors of the company before his committal, he felt satisfied they must be of opinion that the application for the postponement was not really a *bonâ fide* application, but that the object was to cause annoyance and inconvenience to the prosecutors. It was hardly necessary for him to call the attention of the Court to the fact that the prisoner was apprehended abroad and brought back to this country, and that upon his examination before the magistrate, his learned friend Mr. Hawkins, who conducted the prosecution, was quite prepared to go into all the charges, and would have done so, but that the prisoner himself prayed that the matter might be got rid of as soon as possible, as he intended to plead "Guilty," and in consequence of this only two cases of larceny were gone into, sufficient to justify the magistrate in committing the prisoner to this court for trial. The learned counsel then read a portion of two letters written by the prisoner to the directors in one of which he inquired whether, as he intended to plead "Guilty," it was not possible to be charged with one large offence instead of a great many small ones, and he also expressed his desire to make all the reparation in his power. In another letter the prisoner again expressed his intention to plead guilty to the charges preferred against him, and prayed that he might be committed for trial as soon as possible, in order that there might be a saving of expense, and also that some anguish might be spared to the few who still loved him by avoiding further publicity. Under these circumstances, he felt assured that their Lordships would consider that he was neglecting his duty if he did not oppose the application for a postponement, and that no substantial injury would be created, so far as the defence of the prisoner was concerned, by proceeding with the trial at this session. He was ready to supply his friend with all the particulars of the fresh charges, and also with the names of the witnesses, and this, it appeared to him, would be all that was necessary for him to be enabled to conduct the defence of the prisoner on the following day. The learned counsel concluded by stating that no intimation was attempted to be given that there was a *bonâ fide* defence to any of the charges, and that the real object sought to be attained was to drive the prosecutors to consent to a plea of "guilty" being taken upon the charges of larceny, when they considered it to be their duty to prosecute the prisoner for a graver offence, and that this was the real object of the application.

Mr. GIFFARD said, he could not deny that the prisoner had expressed his intention to plead guilty in the letters that had been alluded to, but it

was quite clear that he at that time only alluded to the charges of larceny, and if these charges only had been persisted in he might probably have pleaded guilty to them. The object of the prosecutors now appeared to be to convict him of a much graver offence, and the prisoner had never said that he would plead guilty to that offence. The only ground for resisting the application appeared to be that it might cause some inconvenience to the prosecutors; but surely, when it was admitted that a great number of witnesses were to be called, of the nature of whose evidence the prisoner was entirely ignorant, it was not an unreasonable application on the part of the prisoner that time should be allowed him to become acquainted with the nature of the evidence that was to be produced against him, in order that he might have an opportunity of preparing an answer to it.

Mr. Justice ERLE, after a short conference with Mr. Baron Martin, said the Court was of opinion that the application should be refused. It appeared to the Court that the prisoner had himself caused the inconvenience of which he complained by desiring to be speedily committed for trial, in order to avoid publicity; and persons who brought charges into a court of justice were as much entitled to consideration as those who were accused, and upon the whole the Court was of opinion that there would be no failure of justice by the trial being proceeded with on the present occasion.

Mr. GIFFARD said that, as the Court had come to this determination, he should wish, on behalf of the prisoner, that the trial should be at once proceeded with.

Mr. Justice ERLE said it would be better that the trial should stand over to the following day, as the learned counsel would thus be afforded an opportunity of considering the evidence, and be better prepared to meet the charges against his client.

Mr. GIFFARD said he should be no better prepared on Saturday than he was at that time, and as the case was the first on the list for that day, he should, on behalf of the prisoner, press for it to be taken at once.

Mr. Justice ERLE said that this was rather a confirmation to his mind that there was no real ground for the application for the postponement of the trial.

Mr. GIFFARD again pressed the right of the prisoner to be tried at once.

Mr. Justice ERLE said he should decline to take the case that day, and the prisoner was then removed from the bar.

On the 1st November, William James Robson was placed at the bar, before Mr. Justice ERLE, to take his trial upon the several indictments for larceny and forgery preferred against him. The prisoner appeared to have entirely recovered from the depression he exhibited at the police-

court, and, indeed, he exhibited an almost confident bearing during the trial.

Mr. Serjeant Ballantine appeared, with Mr. Bodkin and Mr. Hawkins, to conduct the prosecution. Mr. Giffard and Mr. F. H. Lewis were counsel for the defence.

When the prisoner was placed at the bar, Mr. GIFFARD addressed his Lordship, and intimated that he was desirous to retract his plea of "Not guilty," upon three of the indictments which charged the offence of larceny as a servant, and to plead "Guilty" to those charges.

Mr. STRAIGHT, the Deputy Clerk of Arraigns, then inquired of the prisoner whether he desired to plead guilty to the charges referred to, and he replied, "Yes, I plead 'Guilty' to those charges."

The counsel for the prosecution then held a short conference together, and Mr. Serjeant Ballantine directed that the prisoner should be arraigned upon one of the charges of forgery.

The prisoner was accordingly given in charge to the jury, upon an indictment which alleged that he had feloniously forged a transfer of a number of shares in a certain public undertaking, incorporated by royal charter, called the Crystal Palace Company, with intent to defraud Henry Johnson. He was also charged with uttering the same instrument, knowing it to be forged.

Mr. Serjeant BALLANTINE then opened the case for the prosecution. He said that, although the prisoner at the bar had pleaded guilty to three indictments involving the offence of having committed larceny upon the property of his employers, it would be his duty to state the circumstances connected with the present case, with the view of putting the jury and the Court in possesion of the mode in which the frauds committed by the prisoner at the bar were effected, and of allowing all the matters, so far as they were within the knowledge of those who instructed him, to be fully and perfectly known. He was desirous of doing so in order that no suspicion might exist that aught had been kept back or concealed by the Crystal Palace Company, which he had the honour to represent. He would briefly state the history of the particular transactions with which the prisoner was charged, and he should also be obliged to refer to the general conduct of the prisoner, but only so far as to make the charge against him intelligible. It appeared that under the charter of incorporation of the Crystal Palace Company, the directors were entitled to issue a certain number of shares, and they were also enabled, under certain circumstances, to apply for power to issue a certain number of other shares. The capital of the company was declared and subscribed for the purpose of carrying out the objects of the company, which were justly entitled to be considered as of a national character, and worthy of admiration. The prisoner at the bar was, as they would perceive, a very young man, of great intelligence, and considerable

powers of mind, and possessed of an education very much beyond the rank of life to which he originally belonged. He was, he believed, a clerk at a salary of £1 a-week when he originally attracted the notice of the managers of the Crystal Palace Company. He was one of those persons of whom, he was glad to say, there were many in this country—men who, if they were honest and straightforward in their conduct, might, with the opportunities given them in this great commercial country, rise, as many had risen, to the highest positions in society. The prisoner at the bar, however, having those opportunities, and possessing those talents, and having an entrance into life which most persons would have grasped at with avidity, was not content with a fair course of honest industry, but sought to obtain wealth speedily, and was betrayed from fraud to fraud, until he now stood at the bar a felon, convicted on his own confession, and on his trial for one of the gravest offences against property known to the law. Shortly after the prisoner's connection with the Crystal Palace, he was promoted to a higher appointment, and his salary was raised to £100 a-year. He was subsequently promoted to a still higher situation, and was placed under the immediate direction of Mr. Fasson, who was looked to as the head of the department. Owing, however, to Mr. Fasson at that time being in feeble health, and suffering a good deal, and finding the prisoner to be a person of intelligence and ability, and believing him to be also a man of honour and integrity, a great portion of the business of the office, of which Mr. Fasson was at the head, was left in the hands of the prisoner, and opportunities were afforded to him of which he availed himself. The mode in which the shares of the company were issued from time to time was as follows:—There was kept in the office of which the prisoner was a clerk, a book containing a register of the shareholders of the company, and every person possessing shares in that company had a right to have his name placed on that register. If a shareholder's name were not registered, it could only be by his own neglect. This register was evidence to the company of the title of the persons upon it, but to the public at large, and the parties themselves, the company were compelled by their deed to issue certificates to show what the title was, and these certificates, if possessed by others, would give an apparent title in the eyes of the public to a transfer of shares. But, inasmuch as the certificates given showed the names of the real persons on the register, no parties who chose to make proper inquiry could by possibility be defrauded, or could be induced to part with their money without a proper transfer. In all the business of life, if men were careless, and took things as a mere matter of course, it was easy for designing persons to effect frauds, and those who were defrauded in such cases were too apt to blame others, instead of blaming their own carelessness. That had been done to a considerable extent with regard to these frauds, but when he explained to

the jury the mode in which these transfers had taken place, they would see that every human means had been taken by the directors to prevent any party being defrauded, and that no persons need have been defrauded, if they had only taken those precautions which every man, before he parted with his money, was bound in justice to himself, and, he would add, to the public at large, to take. The certificates, as he had explained, would show the names of the persons appearing upon the register. Now, it appeared that the prisoner had these certificates in his possession—for many people possessing shares, and being really on the register, instead of taking their own certificates, and locking them up in their strong box, allowed them to remain in the custody of the company. Any person having these certificates in his possession was enabled to exhibit an apparent title to the shares in the market. The prisoner knew, of course, the names of the persons appearing on the register, but if he had used any of the names placed on the register, and had sold or transferred those shares, and the parties had applied for dividends, the frauds would have been detected. The prisoner adopted another mode of operation. Having the certificate he went to the broker's and offered to transfer the shares. He did not, however, use the name of any person appearing on the register, or on the certificate, but used some other name—in the present case it was Johnson—and offering to transfer the shares from Johnson to any purchaser whom the broker might discover. If, when the application was made, the broker had looked at the certificate, as it was his duty to have done, he would have seen that Johnson had no power or right to transfer, unless there had been a previous transfer to Johnson. He ought to have said, "on this certificate Johnson's name does not appear; there is some other name before." But the truth was that the matter was done most loosely, and it was assumed that some person might have transferred the shares to Johnson, and that Johnson had a right to tranfer them to some one else. The broker therefore, sold the shares, and accepted the transfer, although Johnson, a relative of the prisoner, living at Birmingham, never had a share in the Crystal Palace in his life, and his name was only used for the purpose of effecting the fraud. The transfer was a forgery, and he would call Johnson to prove that it was not signed by him, and that the prisoner attested the signature of Johnson to the transfer, well knowing it to be a forgery. A great deal of error had prevailed in the public mind on the subject, but he had stated the nature of the precautions taken by the company to prevent frauds, and he would call their attention to the fact, that a man acting with common prudence could not have been defrauded by a transaction of this kind. In order that the nature of the transactions might be fully known, and the amount of the prisoner's guilt fully understood, he had, with the entire concurrence of his learned friends, and at the desire of the company which he represented, felt it to be his duty to

place the whole facts of the case before the jury. He need not say that he was entirely careless of the amount of punishment which the Court might award, but he had a strong conviction that all matters of this kind ought to be fully and entirely known. It was for the benefit of all persons connected with great transactions like the Crystal Palace, that all the facts connected with offences like these should be fully known. It was the wish of the company that everything in which they had any dealings should be fully inquired into, and that the public should know that, although the company had been robbed to a great extent, they had endeavoured by every means in their power to prevent that robbery from taking place, or the public from being injured by it.

Mr. G. S. Clement deposed that he was a stockbroker, and that he had been for some time acquainted with the prisoner, and had been in the habit of dealing for him on the Stock Exchange. He remembered being directed by the prisoner to sell 100 shares in the Crystal Palace Company in the month of January last, and witness sold these shares in the market. 50 of them were sold to a Mr. Joseph Lowe, and 50 to another person, and witness received altogether the sum of £295 for the shares, which sum he handed to the prisoner. The transfer now produced relates to the 50 shares that were sold to Mr. Lowe. [The transfer was put in. It purported to convey the shares from Henry Johnson to Mr. Lowe, and the signature of Henry Johnson was attested by the prisoner, and a person named Henry Robinson.] The prisoner either brought the transfer himself, or sent it in the state in which it now appeared; and he had no doubt that the signature "William James Robson" was the prisoner's handwriting. He had no doubt that he received the transfer before he paid the purchase-money for the shares, and in the ordinary course he handed over the transfer to the broker who represented the purchaser of the shares.

Mr. G. Fasson deposed that he was the treasurer and registrar of the Crystal Palace Company. That company was incorporated by royal charter in the month of January, 1852.

The charter of the company was put in.

Examination continued.—The prisoner came into the service of the company in the beginning of the year 1853, and he continued in their service until the 17th of September last. He was appointed chief clerk in the transfer department in the month of June, 1854, at a salary of £150 a-year. A book was kept by the company which contained a list of the shareholders and of all the transfers that were made of the shares, and the company preserved all the transfers. The prisoner had the charge of all the books and papers belonging to this department. It was the ordinary course to issue a certificate of proprietorship to every owner of shares; but it frequently happened that the owner of shares did not apply for these certificates, and consequently they remained in the possession of the com-

pany, and the prisoner would have access to all such certificates. In consequence of something that had previously come to witness's knowledge, he on the 17th of September had a communication with the prisoner in reference to some certificates that were missing, and he admitted that there had been an irregularity, but said that the certificates were at his own house at Kilburn; and he proposed that witness should accompany him there to obtain them. This conversation took place in witness's private rooms at the palace, and he believed that Mr. Grove, the secretary, was present. Witness consented to accompany the prisoner to his house, and they proceeded there together. After they had arrived the prisoner came in and out of the room where witness was two or three times, and appeared to be putting papers together, and the last time he left he did not return.

Serjeant BALLANTINE.—And I believe you never saw the prisoner again until he was in custody at Lambeth Police Court, two or three weeks ago?

Witness.—I did not.—The witness then proceeded to say that the signature "Henry Johnson" to the transfer that had been produced was in the handwriting of the prisoner, and the signature "William James Robson" was also in his handwriting. There was no such person as Henry Johnson registered in the books of the company as the proprietor of the particular shares sold by the prisoner, but a person of that name was the registered proprietor of other shares in the company. The prisoner, in the ordinary course of his duty, ought to have seen that all the transfers and the names of the proprietors of shares were properly entered in the books of the company.

Mr. GIFFARD put some questions to this witness, but nothing whatever material was elicited.

Mr. H. Johnson deposed that he was a contractor and builder, residing at Birmingham, and the prisoner was his brother-in-law. He knew of no other person of his name at Birmingham who carried on the same business. The witness then looked at the signature Henry Johnson to the transfer, and declared it to be a forgery. In answer to a question put by Mr. GIFFARD, the witness said that he was quite sure that he had on no occasion had any conversation with the prisoner relating to shares in the Crystal Palace Company, or ever consented to allow the prisoner to use his name in any manner in reference to the sale or purchase of such shares.

Mr. G. Grove deposed that he was the secretary to the Crystal Palace Company, and he was present when some papers belonging to the prisoner were found in his office. He also stated that he had no doubt that both the signatures "Henry Johnson" and "William James Robson" were the handwriting of the prisoner.

Daniel Coppen, a sergeant of police, deposed that he apprehended the

prisoner at Copenhagen on the 7th of October. He told him the charge against him, and he replied, "I know; I am very sorry for what I have done, and I must suffer the law." Witness asked him if he was willing to go back to England with him, and he said, "Yes, I shall be glad to get back." On their journey home he told the prisoner that he had been informed that he had spent as much as £20,000 worth of the property of the company, and he replied that he had not spent so much—not more than £10,000.

Mr. Fasson was then recalled, and he stated, in answer to a question put by Mr. Serjeant BALLANTINE, that according to his belief the figures in the transfer, as well as the signatures, were the handwriting of the prisoner.

Mr. Serjeant BALLANTINE then proposed that the transfer should be formally read.

Mr. GIFFARD took some formal objections to the instrument, but they were at once overruled, and the transfer, which was of the nature above stated, was then read by Mr. Straight.

Mr. GIFFARD, who, during the interval, had received a written communication from the prisoner, applied to the Court to be permitted to put a few more questions to Mr. Johnson. He said that his Lordship was aware that he was but very imperfectly instructed, and the prisoner was very anxious that he should further examine the witness.

Mr. Justice ERLE said that the learned counsel was at liberty to again examine the witness if he thought proper to do so.

Mr. Johnson was accordingly recalled, and Mr. GIFFARD again asked him if the prisoner had not requested him to allow him to use his name as the proprietor of shares on account of his not liking his own to appear on the Stock Exchange, and he declared that he had never done so, and he said that he did not remember ever having any conversation with the prisoner upon the subject of shares. In answer to further questions, the witness said that he had borrowed as much as £700 or £800, and upon one occasion he lent him £100 for the purpose of paying wages. He denied, however, that upon this occasion the prisoner told him that he should sell some shares in his name to reimburse himself the money he had advanced. The witness also swore that he was not aware till the present time that his name appeared on the register list of the company as an owner of any shares. There appeared to be some little hesitation in the manner in which the witness answered these questions, but he persisted in declaring that there was no foundation for any of the suggestions that had been made on behalf of the prisoner. In answer to a question put by Mr. Serjeant BALLANTINE, the witness stated that he had never claimed any interest in the Crystal Palace Company's shares.

This concluded the case for the prosecution.

Mr. GIFFARD then addressed the jury for the prisoner. He said he was fully aware of the difficulties against which he had to contend in defending the prisoner at the bar. Although not strictly in evidence, his learned friend had stated in opening his case, without objection from him, that the prisoner had pleaded guilty to three indictments, charging him with larceny of the property of the Crystal Palace Company, and it would be absurd after that for him to take any formal objection to the statement, although it was not in evidence. What he should ask of the jury was, that they would try the case before them on the evidence only which had been adduced. That the prisoner had been guilty of an offence against his employers was not denied, and that he must receive the punishment of that offence they all well knew; but the question was whether, for the purpose of raising the character of the Crystal Palace Company on the Stock Exchange, to which end a large portion of the remarks of his learned friend appeared to be addressed, or for the purpose of enhancing the punishment of the prisoner, the jury were to come hastily to the conclusion that he was guilty of the particular offence imputed to him, and to which he had pleaded "Not guilty?" There was no wish on the part of the prisoner to make imputations against anybody. He had been guilty of an offence, and was prepared to suffer the punishment for it. But let the jury look at the conduct of Johnson in respect to this matter. He desired to guard himself against wishing, in the slightest degree, to imply that Johnson was cognizant of being mixed up in any charge of forgery or fraud, or that even a shadow of blame rested upon him. He was the more anxious that this should be understood, since Mr. Johnson seemed to think, in answering his questions, that there was an intention to impute to him that he was a party to a fraud. He had no instructions of that kind, and he prayed the jury to understand that no suggestion of that kind had been made on the part of the prisoner. But was it not reasonable to suppose that, as Johnson was borrowing money of the prisoner, and as the prisoner was in the service of the Crystal Palace Company and dealing in shares, Johnson should have given the prisoner permission to use his name instead of his own? The request might have been made in order that the prisoner might escape the detection which would have followed, if it were known that a clerk of the company was dealing in the transfer of shares. They had all lived long enough in the world to know, that the using of another person's name in the transfer of shares was not an uncommon or unreasonable thing. This young man, having opportunities and facilities given to him, had no doubt misappropriated his employers' property, and even stolen the shares of the company that were lying about his office. He had lent Johnson £700, and was it not likely that he would apply to Johnson for permission to use his name on the Stock Exchange? If he had the authority of Johnson to use his name, then he was not guilty of the offence

with which he was charged. The jury must have observed Mr. Johnson's hesitation. That he did answer ultimately in the negative with decision and firmness he admitted; but if the jury had a reasonable doubt he asked them to reject the other evidence, and to come to the conclusion that the witness had given the prisoner the authority to sign the transfer in his name, in which case they must acquit him of the charge in the indictment.

Mr. Justice ERLE proceeded to charge the jury. He said that the prisoner, W. J. Robson, was indicted for the forgery of an instrument called "a transfer of shares," and, in another count of the indictment, with having forged "a deed of Henry Johnson." The deed purported that on the consideration of £156, Henry Johnson transferred to Joseph Lowe 50 shares in the Crystal Palace Company, numbered from 145,052 to 145,101. The signature to that deed, where the name of the transferer should be, was Henry Johnson. Opposite to that name were the seal and signature of the attesting witness. The words in the instrument were, "Signed, sealed, and delivered by the above-named Henry Johnson," and the signature was attested by "William James Robson, of No. 3, Adelaide Place," whose signature was affixed as the attesting witness. According to the evidence of Mr. Clement, it appeared that the prisoner applied to him to sell 100 shares—50 in the present instrument, and 50 in another. Acting upon these instructions, Mr. Clement went into the market, and sold 100 shares, and then received from the prisoner the paper produced, and another paper. Mr. Clement paid the prisoner £295, as the profit of these instruments, which profit passed from Mr. Clement to the prisoner at the bar. Now, was the instrument produced a forged instrument? It purported to be a transfer of "Henry Johnson, of Birmingham, contractor," and Henry Johnson, contracter and builder of Birmingham, had been called, and had sworn positively that the signature of "Henry Johnson" was not his, or written by his authority. He also said there was no "Henry Johnson, of Birmingham, builder and contractor," but himself. The witness swore most positively that he never had any shares in the Crystal Palace Company, and that he never knew, until the transactions of that day in that court were brought to his knowledge, that his name was entered on the register of the Crystal Palace Company as having any interest therein. If they believed Mr. Johnson, that he had never signed the deed in question, or given the prisoner authority to sign his name for him, the offence would be proved, and it would be shown that the prisoner uttered this deed, and received value for it as for a genuine instrument. But the prisoner's counsel had contended, after a great deal of cross-examination of Mr. Johnson, that it was doubtful whether Johnson did not give the prisoner authority to put his name to this instrument, and something had been said about the hesitation or anxiety in Johnson's manner in giving his evidence. That was a question entirely for the consideration of the jury. Johnson

stood in the relation of a brother-in-law to the prisoner, and that might explain a good deal of his anxiety without imputing to him an intention to defraud, or to state that which was false. Johnson said that he had borrowed £700 or £800 of the prisoner, and he believed that in 1854 he borrowed £100 from him at the Telegraph Office in Cornhill, when he wanted to make up some money to pay his wages. Mr. Johnson said this was not so late as December, 1854, and the paper which the prisoner was charged with having forged, was dated "February 2, 1855." Johnson swore that on that occasion nothing passed about the prisoner's not using his own name, and using instead the name of Johnson. He had not been able to form a very clear idea of the meaning of the words which the prisoner's counsel suggested the prisoner addressed to Johnson about his not wishing to have his name on the Stock Exchange. If he (the learned judge) wished to put a person in his name as trustee, and authorized that person to sell property for him, that was a definite transaction. But the matter in question was very different from this. Mr. Lowe had paid £156 for that piece of paper, and it was for them to inquire whether Johnson had given the prisoner authority to execute any instrument such as this. As Johnson, indeed, had no shares in the Crystal Palace Company, it was idle for him to give the prisoner authority to execute a transfer of 50 non-existing shares. If they believed Johnson, the instrument was a forgery. Then there was the evidence of Mr. Fasson, who said he believed that the signature of "W. J. Robson," as the attesting witness to the signature of Johnson, was in the handwriting of the prisoner. Mr. Grove, the secretary of the company, was of the same opinion, and stated that, in his belief, the signature of "Henry Johnson" was also in the handwriting of the prisoner. There was then the evidence that Mr. Fasson was at the head of the department, that the prisoner was principal clerk, and that he had control and knowledge of these matters. The jury had also heard of his disappearance at Kilburn, after leaving the room two or three times, and of his apprehension at Copenhagen by the police officer. If they believed that the signature "Henry Johnson" was a forgery, and that it was forged by the prisoner, and that it was uttered by the prisoner, they would find him guilty of uttering a forged instrument, knowing it to be a forged instrument, as stated in the indictment.

After consulting for a few minutes, the jury returned a verdict of Guilty.

Mr. Serjeant BALLANTINE stated that there was another indictment against the prisoner in connection with the forgery of a dividend warrant. If his Lordship thought it desirable, he was ready to go on with that case, which had been selected as one of a different class of frauds of which the prisoner had been guilty. Mention had been made of a sum of £10,000, as being the amount of the loss sustained through the frauds of the pri-

sooner. It was difficult to state the exact sum, but that amount might have been exceeded, although not much.

Mr. Justice ERLE did not think the character of the other charge against the prisoner was very different from that which had already been disposed of.

Mr. BALLANTINE said that, as there was no point reserved in the last case, he would not proceed with the other indictment.

Mr. Justice ERLE then proceeded to pass sentence upon the prisoner. He said—William James Robson, you stand convicted of the felony of which you have been charged. The inquiry that has gone on upon the present occasion has shown to me that you have practised crime for a considerable period of time. You have practised it in breach of the trust placed in you, and so as to throw doubt and uncertainty upon important mercantile instruments, and you have obtained very large sums of money by the course of crime you have pursued. It is my duty to give warning, by the sentence passed upon you, that an apparent course of prosperity derived from crime in reality leads to misery and destruction. I order that for the forgery of which you have been convicted, you be transported for twenty years; and with respect to the larceny, of which you have pleaded guilty, I pass upon you the sentence of fourteen years' transportation, concurrently with the other sentence.

The prisoner, who had manifested great coolness and self-possession during the trial, turned his head half aside, and appeared to be writing while the judge was addressing him. His countenance changed a little when he heard the sentence, but his features quickly assumed a defiant expression, and he walked from the dock with a brisk and firm step.

Mr. BALLANTINE subsequently made an application for the money that was taken from the prisoner at the time of his apprehension to be handed over to the assignees of the bankruptcy.

The learned JUDGE said he would make the order.

CHAPTER IX.

THE GREAT NORTHERN RAILWAY FRAUDS AND FORGERIES BY LEOPOLD REDPATH.

The Specialties of Redpath's Case—His apparent Honesty and Philanthropy—Deep Hypocrisy in his Career of Crime—His Early Entrance into Life—General Occupation and Tendency—His First Progress and Marriage—Connection with the Peninsular and Oriental Steam Company—His Separation from that Office—Launches out into Business as a Ship and Insurance Broker—Fails and is made Bankrupt—Eventually emerges into Active Life again, and obtains Employment in the Transfer Department of the Great Northern Railway Company—His Duties and Attention to Business—He succeeds Mr. Clark, the First Registrar—His Style of Living—Vaunted Success as a Speculator and Dealer in Reversionary Interests—His Original Forgeries Extended—Princely and Munificent Charity—Patron of the Principal Benevolent Institutions—Excessive Kindness to Poor and Distressed Individuals—His supposed Wealth and Resources—The Detection of Robson leads to Suspicion—Proposed Examination of Books, and his Refusal to Entertain the Proposal—Threatened Resignation and Ultimate Attempt to Decamp—Flight to Paris—Return and Surrender to the Police—Second Bankruptcy—Trial and Conviction.

One of the most extraordinary instances of successful swindling, combined with a high moral reputation and a truly benevolent career, is that of Leopold Redpath. Never was money obtained with more wicked subtlety; never was it spent more charitably. The thief and desperate criminal were so intertwined with the philanthropist, that his character presents an admirable study for the metaphysician. A greater rogue, so far as robbery is concerned, it were difficult to find; nor a more amiable and polished benefactor to the poor and the friendless. Whether this subtle hypocrite entertained the

comfortable doctrine that it "is lawful to do evil that good may come," does not appear; but it is certain that he spent in acts of high benevolence much of the money that he gained by robbery. With equal readiness he forged a deed or wrote a cheque for a charitable institution. Leopold Redpath was at once a consummate hypocrite and a pharisaic swindler.

The earlier antecedents of Redpath's career present no features of unusual interest, except that everything relating to one who has achieved for himself such lasting ignominy is worth noting. He received a fair education, and evinced good taste in artistic matters, the latter subsequently displayed with reckless extravagance. He possessed also sound information on ordinary topics, and a good capacity for business. Having no friends to push him onward in life, he had to struggle successively with difficulties which fall to the common lot. At one period he was engaged as a lawyer's clerk, at a very poor salary it may be presumed, for he lived in dingy lodgings in Cumberland Market, a locality certainly not highly favoured by the aristocracy. Nor were his aspirations in regard to marriage of a very high character, for he sought for his wife a young woman who was then living as companion to a lady. Redpath's appearance at this time was shabby; and as he always had exhibited taste in dress, as in other matters, the reason why he did not assume a faceable appearance was doubtless because he had not the means.

On the starting of the Peninsular and Oriental Steam Navigation Company, Redpath secured the position of clerk in the establishment. His salary here was a fair one, but not adequate to Redpath's now growing ambition. During this engagement he acquired the confidence of the directors, and obtained, partly through the influence of one of them, an introduction to Mr. Fox, an upholsterer, of whom he asked credit for enough to furnish a house. In anticipation of his marriage (with an estimable lady, whose name need not be men-

tioned in connection with her swindler husband), Redpath had taken a house in Dartmouth Terrace, a quiet substantial row of houses on the high road from Deptford to Blackheath. Being represented as an honourable young man of good prospects in his situation, Mr. Fox supplied him with furniture to the amount of some £500—a sufficient evidence of Redpath's ambition, and of Mr. Fox's reliance on his honour.

Leaving the Peninsular and Oriental Company, Redpath struck out into a new field on his own account, and set up business as an insurance broker in Lime Street, City. And now began that career of spurious philanthropy and affected piety which is so remarkable a feature in his character. His house at Blackheath soon became known as the residence of a gentleman, whose name might be reckoned on for addition to any charitable subscription list. Highly moral in his external character, affecting a veneration for religion which he never felt, he was regarded as a model man. An ardent advocate of every benevolent scheme which was set on foot, he became also a willing supporter of it. There is reason to fear that none of the charity which he bestowed was the offspring of genuine philanthropy, far less of that pure and undefiled religion which leads its possessor to visit the fatherless and the widow. His charity was not of that kind which "vaunteth not itself, is not puffed up." He became, it may rather be supposed, inordinately fond of the applause of men. He was ambitious to be talked of as a kind-hearted, benevolent, charitable gentleman, whose hand, heart, and purse were ever open.

And all this time he was trading in philanthropy with the capital of others. With an affable blandness of demeanour he gave away the property of his creditors, for his career as an insurance broker was a short one. Being more generous than just, in less than three months he became a bankrupt, with liabilities to the extent of £5000, and assets a mere nothing. His furniture and effects at Dartmouth Terrace were then sold

for the benefit of the creditors, and yielded in all only 2*s.* 6*d.* in the pound. That the love of luxury was now getting firm hold upon him, was shown by the nature of his debts. Musical instruments, pictures, jewellery, and expensive knicknacks were the new delights in which he had luxuriously indulged. Bitter must have been Redpath's reflections, and humbled must his pride have been, as the auctioneer's inevitable hammer cruelly struck down his suburban establishment, and swept away the luxuries and refinements of his home.

But Redpath was not the man to be crushed by an auctioneer's hammer. At the age of about thirty-five he obtained the appointment of clerk in the service of the Great Northern Railway Company. His first situation here was quite a subordinate one. There were formerly two lines of railway connecting London with the north, the direct Northern, and the London and York. These two lines were managed by two different boards of directors, each with its own secretary. The two lines ultimately were amalgamated, and one of the two was thrown out of his position. A gentleman named Clarke was selected, but he was appointed as a registrar, an office then newly created. Mr. Clarke had for his assistant Leopold Redpath, erewhile insurance broker of Lime Street, City, and of Dartmouth Terrace, Blackheath.

How soon after his appointment Redpath entered on that reckless path of crime which led him to ignominy and isolation from his fellow-men, is not accurately known; but it is certain that he speedily resumed that luxurious style of living which was the acme of his ambition. When first employed in the Great Northern Railway, he was living at No. 2, Park Village, West; but this soon became too narrow for his ambitious desires, and he took a splendid mansion, No. 27, Chester Terrace, which was rented at £100 per year.

Meanwhile, his principal, Mr. Clarke, had retired from his

position as registrar, and Redpath reigned in his stead. The directors did not place him there without reason. He had already proved himself adequate to the situation, and had devoted himself to the duties of the department with assiduity.

The moment he had secured the control of the department, he rushed forward desperately in his career of crime. His previous frauds—supposing that he had committed any—were very trivial to those he now practised. Looking back upon the trickery of this consummate rogue, it seems scarcely credible that his crimes should have been so easily perpetrated, and should have remained so long undiscovered. But Redpath was a clever swindler, and the directors were unsuspecting. His facilities for the commission of robbery were great, and he used them with diabolical skill.

Redpath had devoted his intellectual power, of which he had no inconsiderable share, to acquiring a knowledge of the whole of the Great Northern Company's affairs, so far as he could make them available for his own nefarious ends. Several kinds of stock had been created, bearing different rates of dividend, and very intricate calculation was often required to decide the rates of dividend and interest to which the several certificates were entitled; but this clever swindler knew all the niceties of the department, as well as its leading business. He knew the name of every shareholder in the company, the stock which each held, and the amount of dividend due or coming due. To use a common phrase, he had the whole at his fingers' ends, and deftly did he ply his fingers for his own advancement; he cared not for whose ruin.

The mode in which the extensive forgeries he committed was this. It was subsequently shown, for instance, that a deed, No. 3623, was forged, the amount represented being £312 10*s*. This deed would have entitled a Mr. John Morris, of Manningtree, to transfer his interest in that stock, had he gone with it to a stockbroker. The person purporting to attest

was a gentleman named Shaw, represented by the deed to belong to the same neighbourhood. The transfer was made by Redpath to his own name, and sold through his own stock-broker, the forger receiving the amount represented. On the trial, Mr. Henry Atterbury, a clerk in the Great Northern Railway Company, thus testified to the system of fraud referred to:—"I produce a transfer, dated May 7, 1852, the number of which is 3623, and it purports to be a transfer from John Morris to William Henry Hammond of £312 10*s.* of the B stock of the company. In this entry the names of Morris, the transferer, and that of Timothy Shaw, the attesting witness, are, I believe, in the handwriting of the prisoner Redpath. I also produce the register book, in which there is an entry of the transfer in the prisoner's handwriting, the letters O. B. being annexed to it to denote that it is brought forward from an old book of the company. On examining the old book to trace this entry, I find there no account whatever in the name of John Morris, as represented in the newer book. The register also contains the following other entries of transfers, viz., No. 4340, B stock, £1250; 4341, A stock, £3750; 4342, A stock, £1625; 4343, B stock, £1625; and No. 5870, A stock, £1750. This stock is placed to the credit of Morris, Morris's name being in all the entries written in the handwriting of Redpath. On the credit side of Morris's account there is £5500 of A stock, and £4500 of B stock, making together £10,000." The witness then detailed other entries in which the names of Morris and of the subscribing witness were in the prisoner's handwriting; the result of his evidence being to show that the total amount of the fraudulent entries upon both sides of Morris's account alone, was £17,600.

But Redpath was quite a connoisseur in the art of forgery, and had more methods than one. Another mode of robbery was elicited in evidence on the trial. Redpath purchased in April, 1853, two separate amounts of stock of £500 and £250

respectively. The sellers duly transferred them to him, and they were entered to his credit in the register. It should be observed, that when a transfer is made and registered, the buyer receives a certificate, termed a coupon, for the amount of stock transferred. This coupon is signed by the transfer clerk; it is then supposed to be compared with the original transfer, and with the entry in the register, by the secretary, who countersigns it; and it is then delivered to the purchaser of the stock, as his evidence of title. In Redpath's case it was found that he had placed a figure of 1 before each of the above-named amounts, converting them into £1500 and £1250, respectively, thus creating £2000 of A stock in his own favour. Fifty-two transfers were thus made into his own name, and ten out of it. Now although he had falsified the register, the coupon would not tally with it, and as the coupon must accompany the transfer in selling the stock, that had also to be altered. How far the management of the company with which the forger was connected facilitated this fraud, may be judged from the fact, that the sum the coupon represents was nowhere stated in words on the face of it, nor was the amount even in print, but was filled in with the pen; so that the swindling clerk merely had to place a figure of 1, or any other number that he was bold enough to venture upon, before the amount stated in each case, and the forgery was complete.

Redpath now saw a perfect Golconda before him, that required very little labour, and, in some respects, very little skill to work; and he worked it accordingly to a very pretty tune; and all this while the directors, though they found themselves paying dividends which they could not account for, appeared to entertain no suspicion of the fact that they were daily being robbed to a large extent. Nay, so far duped were they, that some three years after Redpath had commenced his swindling, the following document was actually placed upon record:—

"Accountant's Department, Aug. 7, 1850.

TO THE CHAIRMAN AND DIRECTORS OF THE GREAT NORTHERN RAILWAY COMPANY.

"Gentlemen,—The accounts and books in every department continue to be so satisfactorily kept, that we have simply to express our entire approval of them, and to present them to you for the information of the shareholders, with our usual certificate of their correctness. We have the honour, etc.

(Signed) "JOHN CHAPMAN, "J. CATTLEY, } Auditors."

A very suggestive document this, viewed in the startling light thrown upon it when the Redpath frauds burst upon the astonished shareholders!

How the thousands thus easily acquired were disbursed, is a very interesting study. It was not squandered in giddy dissipation. Redpath kept no mistress; he was never known to gamble; the gentry of the turf found no easy prey in him. No, he was a respectable man—a highly respectable man; like Brutus, he was an honourable man. The world regarded him as a bland, easy, affable Christian gentleman, as remarkable for his wealth and good taste as he was for his benevolence.

Nor was this character apparently undeserved. It must be confessed, that to his other qualifications Redpath added the tact of the consummate actor. He thoroughly deceived the world; nay, his life was so far an acted lie, that it may well be believed that he even deceived himself. It has been said of him, "Never was a character so well fed and kept in good condition by acts of the most munificent and well-timed liberality, generosity, and charity. Cheat as he was, unscrupulous and profligate adventurer, he lived just as a lawful possessor of all the wealth he stole might have lived and acted, if, in addition to a princely fortune, he had possessed a princely nature. From his hands flowed succour to the orphan, bounty to the struggling, patronage to the arts, and aid to every charitable institution. He was munificent in donations to civic feasts,

gorgeous under his own roof, sumptuous in hospitality, as free with cheques as other men with compliments. He could outbid an emperor in his own capital, and snatch from his own Art Exhibition one of its brightest gems. Yet there was nothing gross or sensual in his life. He did not expend the proceeds of his frauds on women and wine and horses, the three constituents of a swindler's paradise. Horses he had and wine-cellars, but they were not main objects with him; he used them as if he used them not; as if he were to the manner born, as if they were but rays of the glorious luminary of his fortune."

The facts of Redpath's later career bear out this estimate of the man. His house in Chester Terrace was magnificently furnished with everything that a luxurious ambition in middle life could desire, and with all that a refined taste could suggest. Here he set up his carriage, keeping a groom as well as a coachman. The arrangements of his household were on a liberal scale—the liberality that disburses other people's money. A butler superintended his cellar of choice wines; a footman awaited his lightest wants; and five or six female domestics shared in the splendour of his residence.

Of course a home of this character was often filled with luxurious company. Parties were frequent in Chester Terrace; his dinners were unimpeachable; his wines such as an auctioneer might dilate on with rapture. No expense was spared to furnish the table with costly luxuries. Whether peas were 1*s.* or 10*s.* a quart was a matter of indifference; nor did it matter whether pine-apples were half-a-crown or a guinea. Redpath was, of course, the presiding genius of these festive scenes—the easy, affable host, and the bland, courteous gentleman. There was nothing fast or vulgar in all this; good taste presided over it all, and there wanted but one element—honesty—to make his mode of living perfectly legitimate.

In personal appearance and dress, Redpath was governed by

the same good taste, but mingled with no little vanity. As an instance of the latter weakness, it may be mentioned that every morning he had his hair dressed by a perruquier from Strathearn's, in Princes Street, Hanover Square. Either the head of the firm or some assistant dashed up to Chester Terrace in a cab, which was kept waiting an hour or so at the door while the tonsor was operating upon Redpath's not very luxuriant locks.

But the pleasures of the table and of refined company were not the only delights in which Redpath indulged. With him charity was an amusement, a passion, and a source of patronage which brought him flattery and fair friends. Persevering secretaries found in him a pliant gentleman, who was ever ready to place his name upon the subscription list for a new church, a fancy bazaar for a school, or a fund for an orphan or widow. He was, amongst other positions, a governor and one of the managing committee or almoners of Christ's Hospital, and a governor of the St. Ann's Society, an admirable institution for the children of those once in prosperity. As an incidental proof of the estimation in which he was held, it may be mentioned that he was not only a governor of St. Ann's Society, but an auditor of the accounts. His name was also enrolled on the list of any casual subscription which was started for benevolent purposes. On the Patriotic Fund, for instance, was to be found in bold relief the name of Leopold Redpath, Esq.

There was, doubtless, much ostentation in all this; for to believe that a man who was daily engaged in craftily forging transfer deeds for the sake of wealth, could be constantly actuated by the generous feeling of true charity, is to believe a sham. Redpath's was spurious charity, a hollow mockery of benevolence; and yet it is hard to suspect that the genuine warmth of true benevolence did not sometimes actuate his movements. He has been known to seek out some poor widow who

was trying to get her boy into a school, sympathize with her struggles, and generously relieve her necessities in so kind a way as to make the mother's heart to leap for joy. Many whom he thus relieved must have bitterly felt the blow to their veneration when the news of his crimes burst upon the world. We can imagine the poor broken-down old man or the lone widow, whose dark path had been illumined by the golden sunlight of charity, disdaining to believe that so good a gentleman should have been so great a rogue, and retaining their kindly feelings even after the merciless verdict of guilty had been delivered. As there were some found who, remembering acts of kindness amid a life of atrocity, were desirous of casting a flower upon the tomb of Nero, so many a one there yet may be who can drop a tear in memory of the beneficence of a Redpath.

Thus was this anomalous double life pursued, forgery and fraud keeping pace with luxury and benevolence. The directors of the Great Northern Railway Company were unsuspicious of the real sources of his wealth. Their clerk had the reputation of a successful speculator, and the salary which he received was supposed to be regarded by them as merely another string to his bow. One would have thought that the extravagance on which he finally entered would have rendered his friends suspicious, but it was not so. Even when he added to his possessions a splendid house at Weybridge, with park and pleasure-grounds, their confidence remained unshaken. Some there were amongst his acquaintance who were rather startled at this new display of wealth, but all was still set down to further success in the share-market; while it should be remarked, that to the directors of the company the extent of his extravagance was never known till too late. The ten servants engaged at this country seat, the fisherman with his punt for Mr. Redpath's angling excursions, the courier to accompany him on his travels, the cook with £30 a-year—all

were accounted for, by those who participated in them, by supposed success in imaginary undertakings.

But the bubble was to burst at last. The crimes of another forger, Robson, led to directors of public companies being somewhat alarmed lest some Robson might be in their concern, helping himself to the moneys of the company. The directors of the Great Northern Railway Company had for some time been paying dividends, it is asserted, on a larger sum than they could well account for; but it would appear that they relied on the trustworthy character of their clerks, and on none more than that of Redpath.

An incident, however, occurred which suddenly startled them into a knowledge of the reckless extravagance of Redpath's life. Mr. Denison, the chairman of the line, was standing on a station platform, conversing with Lord D——, when Redpath happened to come up, and lifted his hat to Mr. Denison.* The nobleman, however, was on easier terms. Taking Redpath cordially by the hand, "Ah, my dear fellow," said he, "how are you?" Having parted, the chairman turned to Lord D——, and asked what he knew of their clerk. "Oh," said he, "he is the jolliest fellow in life; he gives the most sumptuous dinners and capital balls that I know of." This was an ominous rencontre for Redpath; and, coupled with the then agitated state of the shareholding community, it was determined to scrupulously examine the books of the company.

This course once decided, it was deemed advisable to begin the investigation from an early date, and a distinct department was created for the purpose. The officials instructed to carry out this process first met on November 15, 1856. A day or two after, when the actual inquiry was being commenced, Redpath came into the room, and asked what they were going to do. "To go through all the accounts," said the head of the

* This anecdote has been contradicted, but it is believed something of the sort took place, though not under the precise circumstances detailed.

department, "from the commencement of the company." "That is perfectly useless," said the thunder-stricken Redpath, smothering his emotion; "you will find all the accounts right in the gross, and it is of no use entering into special details."

Finding this feeble remonstrance unavailing, and not daring, of course, to urge the matter, Redpath carelessly took up a book and threw it down again, remarking, "Well, if that is your intention, I will have nothing to do with it; and if this course is persevered in, I shall resign." He then made some excuse to leave for a few minutes. He went, but never returned.

He now clearly saw the terrible storm that threatened to break over him, and determined to escape from it. He therefore at once sent one of the ticket-porters belonging to the company to the Union Bank in Argyll Place, Regent Street, for the title-deeds of his house in Chester Terrace, and for other securities lodged there for safety, telling the messenger to meet him with the documents at Chester Terrace. The man, however, misunderstood him, and, when he had received the parcel, took them direct to the railway offices, but could not of course see Redpath there. The officials of the company, now aroused to the sense of self-protection, intercepted them, and, as this afforded strong confirmation that their clerk was contemplating flight, they took possession of them; and, moreover, at once gave notice to the Union Bank that any balance remaining in Redpath's name was to be withheld till proper inquiries could be instituted.

Meanwhile, the examination into the accounts proceeded, and the startling truth gradually unfolded itself; thousand after thousand was discovered to have been forged by this insatiate and luxurious schemer, and the police were forthwith informed of the delinquency, while possession was also taken of the house in Chester Terrace, and the mansion and park at Weybridge.

At this delicious retreat—one of the loveliest spots in a county remarkable for its scenes of quiet loveliness—a horrible surprise was destined for Mrs. Redpath. She was sitting in her home, surrounded by all the refinements which art can add to nature, expecting her husband's return. Instead, however, of her husband, whose kindness and affection to her was a bright feature in his character, a detective suddenly made his appearance, with news which burst upon her like a thunderbolt, that her husband was discovered to be a forger and a thief. The intelligence, though quietly broken, was too much for her, and in grief she swooned, to be restored only to a more painful aud deeply oppressive sense of her misery.

While desolation was thus sweeping like a dark tornado over the beautiful retreat at Weybridge, Redpath had hurried off to Paris, by the South-Eastern Railway, preparatory to further distant flight. Whether conscience, however, was too powerful for him, whether he felt himself already defeated through the error the porter had made, or whether, finally, he despaired of escape, is uncertain; but he determined to return and give himself up. A telegraphic message was actually sent by him, stating that he would return. Superintendent Williams, who had undertaken the preliminaries for his capture, was at first inclined to regard this as a mere *ruse* to put the police off the scent; but he did not completely slight the occurrence nevertheless. Knowing that the fugitive had actually gone to Paris, Williams at once proceeded thither, armed with a magistrate's warrant for his apprehension. A telegraphic message, however, from Mr. Mowatt, the secretary of the company, brought back the agent of the law, who, accompanied by Mr. Mowatt and another police constable, then went to a house which had been indicated, No. 4, Ulster Place, New Road. Here they found the accomplished forger, sitting at breakfast, between ten and eleven, and he was immediately given into custody.

Addressing Mr. Mowatt, Redpath expressed his contrition at the position in which he found himself; and the latter could at the moment do no more than also avow his regret and pain in meeting him under such circumstances. It is highly probable that Redpath, after the first blush of discovery, really intended to give himself up, for he had assumed no guise whatever, and bitterly complained that so many people had been sent to surprise him in his supposed retreat.

From Ulster Place, where Superintendent Williams formally charged him with forgery and fraud, Redpath was taken to Clerkenwell Police Office in a cab. On his way he again expressed to Williams, whom he had known as an officer of the company, his regret at being so painfully situated, and added, "There's my place in Chester Terrace, and if they sell it well, it will at least fetch £30,000." He then requested that Mr. Wontner, the solicitor, should be sent for, which was of course acceded to. On the following day, attired in a chocolate-coloured coat and waistcoat, and holding in his hand a travelling cap, he was placed before Mr. Tyrwhitt. The preliminary examinations were somewhat protracted, but ultimately, on the 24th of December, 1856, he was fully committed for trial.

From the moment when the news of Redpath's defalcation burst upon the town, the utmost excitement prevailed. It was not only the talk of City circles, but the topic of clubs and drawing-rooms. The effect of the announcement at the Stock Exchange was similar to that which occurred when the discovery of Robson's fraud was made; the shares dropped, and were for some time after subject to fluctuation. The managers of benevolent institutions, with whom he had acted—the tradesmen whom he had patronized so nobly, and paid so honourably—all were astounded.* Indeed, it was for the time the one engrossing question; the daily press fed on the reve-

* At Weybridge, even after his conviction, the poor people still spoke of him with gratitude.

lations which, in one shape or other, were most curious and interesting; and the trial was looked forward to with intense interest.

On the morning of Thursday, January 15, 1857, the Central Criminal Court was densely crowded. There were two prisoners to be arraigned, Leopold Redpath and Charles James Comyns Kent, the second prisoner having acted as a clerk under Redpath, and who was indicted with him for conspiring to defraud the Great Northern Railway Company. The indictment contained various counts, charging them with forging transfers of the Great Northern Company's stock, and also with conspiracy. To the whole of the allegations both prisoners pleaded Not Guilty. Redpath was naturally the observed of all observers. He was generally considered rather a noticeable man, but now that he attained notoriety through the commission of a serious crime, his appearance was more strictly scanned with a pardonable inquisitiveness. A rather tall, fresh-looking man of forty, slightly bald, but with a profusion of hair under the chin, he possessed a thoroughly English look. He might have been supposed to be a country squire, or justice, "his belly with fat capon lined," retaining a family seat in the churchwarden's pew, delighting in a conservatory, and keeping a good balance at his banker's. There was little of the criminal about him, though he exhibited a wayward glance, and some indeed seemed to think he was somewhat out of place in the felon's dock. But an uneasy earnestness marked his countenance, and as he every now and then nervously jotted down certain points of evidence, as the proceedings went forward, it was apparent he stood there for no ordinary fraud.

The judges who tried the case were Mr. Baron Martin and Mr. Justice Willes. The counsel engaged included Mr. Serjeant Ballantine, Mr. Bodkin, and Mr. Giffard for the prosecution; Mr. Serjeant Parry and Mr. Tindal Atkinson for Redpath, and Mr. Hawkins and Mr. Thompson defended Kent.

The case was opened with the accustomed ability of the leaders, who called witnesses to substantiate the charges averred, fully confirming the circumstances already related in connection with the great delinquent. Mr. Serjeant Parry, for Redpath, endeavoured to show that he had merely followed out a system which, the learned Serjeant alleged, was pursued by railway directors generally—that of dealing in the company's stock in other parties' names. It was contended, in fact, that the transfers were dealings in genuine stock, and that Redpath was sought to be made a scapegoat for the whole of the higher officials; but of course any such assumption was fabulous.

Mr. Justice Willes, in summing up, clearly analyzed the circumstances, and stated that the question for the jury was, whether the instrument before them was a real or a fictitious transfer, and whether it had been executed by the prisoner for the purpose of fraud. The jury saw this, and after a few minutes' deliberation, without leaving the box, returned, what was naturally expected, a verdict of guilty.

The two prisoners were then put on their trial together, for jointly forging and uttering a transfer of stock of the Great Northern Railway Company, of the value of £1087 10*s*. After considerable evidence, and a host of testimony to the good character of Kent, Mr. Baron Martin expressed himself in favour of the latter, observing, "It was, no doubt, a very wrong and irregular act, but if he really believed that he was attesting a document for the transfer of stock which belonged to the principal of his office, and which he held in the name of Sidney, he would not be guilty of forgery. To convict him of forgery, they must be satisfied that he had acted in concert with Redpath, and of that there had been no proof." In this instance the jury, without quitting the box, immediately returned a verdict of guilty against Redpath, and of acquittal as regarded Kent. A heavy sentence on Redpath was fully anticipated, and Mr. Justice Willes, in delivering it, spoke touch-

ingly of the way in which Redpath had involved others in irregularities which might have been construed into crime, and of instructing his counsel to throw aspersions upon the character of the directors—aspersions altogether unsupported by any proof. "I must say," continued the learned judge, "that I regard that as a very base proceeding on your part, and if it were possible to aggravate your crime, I think that that aggravated it very much. Looking, however, only to the facts in this case, and upon the depositions, it appears that you have forged no less than twenty deeds. You have obtained, by means of these forged deeds, between £20,000 and £40,000. You are therefore a person who has forged on a large scale; you have played for heavy stakes, and you must have been aware all along that if your iniquities were discovered, you would be called to a heavy account." His Lordship then passed upon the wretched criminal what many persons consider the heaviest sentence which can be pronounced—transportation beyond the seas for the term of natural life. But heavy as the sentence was, Redpath had apparently nerved himself up to receive it with calmness, and he moved from the bar with an unfaltering step and firmly-knit brow. The career of this delinquent is instructive, but it would be difficult to characterize it in better terms than in the words of Mr. Justice Willes. Redpath played for heavy stakes, and he was called to a heavy account. His ambition was to be, and to be thought, the good easy, kind-hearted gentleman, with a kindly-beaming smile, a generous heart, and an open purse. He cared not what risk he ran so that he might be flattered and esteemed; his later life was a genteel lie, a respectable sham, supported by a fraud of great magnitude, the penalty for which is an eternal exile in the society of criminals of the worst class, whose tastes and associations, it must be presumed, differ from his own as wide as the poles asunder.

REPORT OF THE DIRECTORS OF THE GREAT NORTHERN RAILWAY ON THE REDPATH FRAUDS.

"TO THE TWENTY-FIRST HALF-YEARLY ORDINARY GENERAL MEETING, HELD AT THE LONDON TAVERN, BISHOPSGATE STREET, IN THE CITY OF LONDON, AT ELEVEN O'CLOCK PRECISELY, ON THURSDAY, THE 12TH DAY OF MARCH, 1857:—

"The directors have now the unpleasant duty to bring formally under the notice of the proprietors the painful subject of the frauds and forgeries practised by Leopold Redpath, and the serious loss to which the company is thereby subjected; also the course which it appears desirable to take to provide for such loss.

"The proprietors will, of course, expect to be put in possession of the arrangements which were made for conducting the business of the registration office, in which the forgeries were committed.

"On the 7th July, 1846, Mr. W. H. Clark, aged between thirty and forty years, who was brought up as a solicitor, was appointed registrar to the Great Northern Railway Company, at £600 per annum, as part of the agreement of amalgamation with the Direct Northern Company, of which he was the secretary.

"Redpath, after due inquiries made by a Great Northern director and the secretary at the Brighton Railway office, where he had served as a registration clerk, was appointed a clerk in the registration office of the Great Northern Railway Company, along with four or five other clerks.

"The principal duty of Mr. Clark, the registrar, was to take care that the amount and particulars of all shares and stock held by any person in the company were duly entered to the credit of such person in the registration books, but no money passed through his hands, except 2*s.* 6*d.* paid for each transfer of stock. He had also to prepare, at the end of each half-year, a "register of shareholders," showing the amounts of the various stocks held by each party respectively.

"The register, so ordered by 8th Victoria, cap. 16, sec. 9, was always produced at each half-yearly meeting, having been first authenticated by the registrar.

"It was also the duty of the registrar to see that any person proposing to sell stock, had that stock standing in his name in the register; that the transfer deed was properly signed and witnessed; that when the stock was sold the seller's account was properly debited, and that the purchaser was credited with a similar amount of the same stock.

"Although these were the principal duties of the registrar, it now

appears that in several of the years during which Mr. Clark was registrar, a large number of forgeries were committed by Redpath, which were not discovered till the end of 1856; but no suspicion attaches to Mr. Clark of his having had the remotest knowledge of them.

"The rule of the directors was to abstain from looking into the share transactions of other proprietors; it would, moreover, have been quite impossible for them to have detected either errors, or frauds, or forgeries by a cursory glance at the registration books, for even under the recent knowledge that irregularities existed, it has taken months of hard labour to discover the particulars of them.

"In the spring of 1854, Mr. Clark left the service of the company, the directors having been of opinion that the greater part of his salary—which had been reduced in 1848 to £500 per annum—might be saved; and as Redpath, who acted as chief clerk since 1846, had conducted himself apparently with regularity and propriety, and had a good knowledge of the registration business, he appeared to the board to be a suitable person to succeed Mr. Clark, and he was therefore promoted to be registrar, at a salary of £250 per annum, in March, 1854.

"About the time of his appointment as registrar, it was reported to the directors that Redpath was a person of good circumstances, realized by successful dealings in reversionary and other speculative securities, but that, satisfied with his success, he had ceased to speculate. The directors having exacted a promise from him that he would strictly abstain from speculating in shares or stock of any description, he was appointed registrar.

"In January, 1856, the secretary communicated to the chairman that he had been informed there was a discrepancy between the stock registered and the money represented to have been received on account of the same in the accountant's books, and that he had consequently called upon the registrar and the accountant for a statement of the amounts of stock and dividends appearing in their respective books.

"Those statements showed that dividends on some of the stocks had been over-paid.

"The chairman, upon his next attendance in town, made some inquiries, and was informed that an investigation had been commenced by the registrar, which it was hoped would soon show where the alleged *errors* existed.

"He had a conversation with Redpath upon the subject, who expressed a strong desire that a thorough investigation into the books of his office should be made.

"In presenting the 'Register of Proprietors of Stock' to the board, preparatory to the general meeting in August, 1856, Redpath reported that in the course of the half-year errors had been discovered and corrected in

the register of A stock, to the amount of £1375. In the month of September, the secretary called the attention of the chairman again to the subject, and stated that Redpath did not pursue the investigation with anything like vigour, although he (the secretary) had almost incessantly pressed him to do so.

"On the 16th October, the chairman received from Redpath a copy of a letter written by him to the secretary, tendering his resignation, on account of other important engagements.

"On the 17th and 18th October, the secretary produced to the chairman returns which he had required the registrar to furnish, and which showed that stock to the amount of about £137,000 was registered in excess in the books of the company. A statement of the dividends paid, obtained from the accountant, confirmed this alarming communication.

"The chairman then had an interview with Redpath in the presence of Mr. Arbouin, a director, the secretary, assistant-secretary, and general manager, when Redpath did not deny the correctness of the statement, but alleged that, although there might be some errors, he was not responsible for them, and that the chief discrepancy arose from the accountant having appropriated capital received years ago to the wrong accounts, but that every discrepancy admitted of adjustment towards which he would give his best assistance.

"Mr. Reynolds, the accountant, upon being informed of Redpath's statement, said it was quite impossible it could be correct.

"The chairman told Redpath that he should not accept his resignation under the existing circumstances, but he insisted upon a more active investigation, and authorized the secretary to take the matter into his own hands. This was done, and the frightful system of fraud and forgeries that Redpath had practised was brought to light.

"The discovery was communicated to the chairman on the 10th of November. He desired that immediate application should be made to a magistrate for the apprehension of Redpath, who had gone to Paris. And Kent, a clerk in the same office, was taken into custody the same evening. The results of the subsequent prosecution of Redpath and Kent are, of course, well known to the proprietors.

"It has been already stated that there are no grounds for suspecting Mr. Clark of any knowledge of Redpath's frauds; but the directors cannot refrain from remarking, that if Mr. Clark had regularly examined the transfers of stock and the registration books, so as to produce at the end of each half-year a really accurate "register of shareholders," there can be no doubt that the greater part, if not the whole, of Redpath's forgeries would have been prevented or discovered long ago.

"The following letter was written by Mr. Clark to the secretary, immediately before his retiring from the service of the company:—

"'The Great Northern Railway, Registration Department,
"'King's Cross, London, 25th April, 1854.

"'Dear Sir,—The period of my service in this company terminates, you will recollect, on the 29th inst.; and as my arrangements will call me out of London almost immediately, it will be a convenience to me to receive the balance of compensation, £875, voted to me by the board at the close of this week.

"'Though the ordinary business of the department for the last two months has been unusually heavy, you will find it without any arrears, and all the books and papers in an orderly and proper state.

"'The pressure of current business having been disposed of, the examination (necessarily occupying some time) for the adjustment of all accounts between this and the accountant's department has been resumed, and in reference to it my successor will not experience any difficulty; in short, I feel confident that I shall leave everything in the department in a business-like condition.—I am, dear sir, yours faithfully,

(Signed) "'W. H. Clark.

"'J. R. Mowatt, Esq.,
"'Secretary, Great Northern Railway Company.'

"A copy of the above statement was sent to Mr. W. H. Clark, and his observations thereon are to be found annexed.

"In the course of preparing for the prosecution of Redpath, it became necessary for Messrs. Humphreys, the solicitors, to obtain from Messrs. Field, Son, and Wood, stockbrokers, of Warnford Court, a list of purchases and sales effected by them for Redpath, and by which it appears, that about June, 1848, they sold for him the first eight shares fraudulently dealt with. James Wood, their clerk, was the attesting witness to Redpath's signature on the transfer deed. The list extends from June, 1848, to October, 1856, and embraces 365 distinct sales of Great Northern stock, to the amount of £206,047 10*s.*, and 131 purchases, amounting to £48,800. At the foot of this list there is the following note:—'Some of the shares transferred by H. J. Wood, J. H. Stratton, and Thomas Hogben (clerks to Messrs. Field, Son, and Wood), were previously transferred into their names by Mr. Redpath, but no entry having been made of those transfers in our books, they cannot be specified. A reference to the books of the company will show which they are.'

"Redpath sold and bought, though to a comparatively small extent, through the medium of other brokers.

"The result of the most careful examination of the company's register of stocks, etc., which time and circumstances have permitted since the discovery, in November last, of these transactions, shows that stock to the amount of about £220,000 has been fraudulently issued by Redpath. Im-

mediately on the discovery of the frauds, Redpath's house in Chester Terrace, and another at Weybridge, were taken possession of on behalf of the company, together with all other property that could be traced as belonging to him; he was soon afterwards adjudicated a bankrupt, and the secretary was appointed the trade assignee. It is impossible at present to form a correct opinion of the value of the assets that may be realized for the company.

"The directors, for some time past, have given their best consideration to various methods suggested for dealing with the loss occasioned by these extensive forgeries, and in order to ascertain their legal powers and responsibilities, they consulted the Attorney-General and Mr. Rochfort Clarke, whose opinion is as follows:—

"'We understand that in consequence of Redpath's fraudulent creations and issues of stocks by forgeries and otherwise, recently discovered, every description of stock of the Great Northern Railway Company is found to be in excess of its Parliamentary limit; but the stock thus fraudulently created has become so blended with the rest of the stock as to be no longer distinguishable; and that the company cannot apportion a dividend in such a manner as to avoid paying on the fictitious stock equally with the stock legitimately issued; and as we are of opinion that the company cannot lawfully pay any dividend on the stock so in excess, it follows as a necessary consequence that they cannot at present legally pay any dividend whatever.

"'We consider the loss arising from these frauds in the same light as we should consider any loss resulting to the company from some great calamity, such as the falling of a tunnel or viaduct, or an inundation, the cost of which would have to be defrayed before any profit capable of division could be considered to have accrued. And we think that before any sum whatever can be treated as divisible profit, provision should be made for purchasing up and extinguishing stock equal in amount to the stock so fraudulently created and issued.

"'If, however, the holders of stock will agree to apply to Parliament for a bill to legalize the stock as now existing, and the payment of dividends thereon, and will authorize the directors to solicit from Parliament such a Bill, and in the meantime authorize them to pay dividends on all the stock, we think much controversy and expense will be avoided, and the common interests of the company best consulted; but unless the holders of stock will adopt that course, we cannot advise the directors to pay at present any dividend whatever.

(Signed) "'Richard Bethell,
"'G. Rochfort Clarke.

"'Temple, 14th February, 1857.'

"It is clear, from this opinion, that a dividend cannot be legally or safely paid at present upon any description of stock. An Act of Parliament, however, as suggested by the Attorney-General and Mr. Clarke, might materially relieve the proprietors from their disappointment in not immediately receiving any dividend; but it must be an Act that the majority of the proprietors approve, and Parliament will allow to pass. In order to make some progress towards this object, leave has been already obtained from the Standing Orders Committee to introduce the Bill.

"The directors cannot take upon themselves to propose or support any Bill which would throw upon the preference stocks any portion of the loss in question, and thereby shake the confidence of the public in all such stocks.

"If, however, the proprietors support the Bill, as the directors recommend them to do, dividend for the last half-year may probably be paid in full in about a month upon every description of stock registered in the company's books; but if the proprietors reject the Bill, it is certain that a dividend cannot be paid.

"It is therefore intended to propose at the meeting on the 12th inst., a resolution to the following effect:—

"'That the directors be, and hereby are, requested and authorized to take all necessary steps to solicit and obtain as early as possible in the present session of Parliament, an Act in conformity with the Bill now submitted to this meeting, to enable them to provide for the loss resulting to the company from the forgeries and frauds of Leopold Redpath, the late registrar; the said Bill being subject to such alterations as the directors may consider necessary for the protection of the interests of the company.'

"The directors have considered it right to enable the proprietors who cannot attend in person on the 12th inst., to record their votes on this important occasion, and for that purpose a stamped form of proxy is forwarded herewith to each proprietor to fill up, or return in blank, as thought proper.

"It will be seen, by their reports annexed, that the Auditors some time since called to their aid Mr. Deloitte, a public accountant, and that he has been engaged in the examination of the general accounts of the company for the last half-year, and in examining also the books and accounts of the Registration Department. The latter operation will be unavoidably laborious and expensive, and will require a long time to complete.

"EDMUND DENISON, *Chairman.*

"'The Great Northern Railway,
"'King's Cross, London, Accountant's Department,
"'Feb. 11th, 1857.

"'Gentlemen,—In consequence of the painful disclosures which have

taken place in the registration department, and at the special request of Mr. Reynolds himself, we have deemed it desirable that the books and accounts of the accountant's department, both as regards the income and expenditure of the company, should be subjected to the examination of a professional auditor.

"'We have accordingly called in the aid of Mr. Deloitte, whose report we beg to enclose for the information of the shareholders.

"'We are, gentlemen, your faithful and obedient servants,

"'JOHN CHAPMAN,
"'J. CATTLEY, } *Auditors.*

"'The Chairman and Directors of the Great Northern Railway Company.'

"'4, Lothbury, London, Feb. 11th, 1857.

"'TO THE PROPRIETORS OF THE GREAT NORTHERN RAILWAY.

"'Accountant's Department.

"'Gentlemen,—Having, at the request of your auditors, assisted them in their very laborious duty of auditing these accounts, I have much pleasure in confirming their opinion as to the admirable and satisfactory manner in which they are arranged, and joining them in certifying as to their correctness.

"'The amounts standing in the ledger to the credit of the various stocks consist, as stated in the published accounts, of all sums received on account thereof, and will, therefore, require adjustment when the investigation now proceeding in the registration department is complete.

"'After a careful examination of the register of mortgages which is kept in this department, I find the result corresponds with the ledger, also that the interest credited in the ledger as payable in respect thereof, agrees with such register, and after charging the various payments made by the bankers in account thereof to the debit of such account, the balance remaining consists of the agreed outstanding coupons per the original lists, thus proving the accuracy of the whole account; and I am fully satisfied that the correct amount of interest payable per the register has been so credited and paid, and no more.

"'The books kept in the audit office, relating to the different classes of traffic, together with the system of travelling audit adopted by this company, effectually check the various accounts rendered from time to time by the station-clerks, and the method in operation of tabulating such accounts greatly facilitates that object, and economizes labour to a considerable extent; notwithstanding that, the amount of work involved in such inquiry is necessarily very great, and requires constant care and attention,

and too much praise cannot be bestowed upon Mr. Reynolds, the accountant, for the manner in which the duties of this office are performed.

"'The condition of the outstanding traffic and mineral balances owing at the stations and by the public is very satisfactory, and proves that great diligence is used in regulating and collecting such balances.

"'I am, gentlemen, your obedient servant,

(Signed) "'W. W. DELOITTE.'

"'Great Northern Railway,

"'Engineer's Office, King's Cross, London,

"'Feb. 11th, 1857.

"'Gentlemen,—The renewals, during the past half-year, of the permanent way on the up line, from Welwyn towards London, and the reconstruction of the timber viaduct at Bawtry, still in progress, have caused an increase in the expense of maintenance, as compared with that for the corresponding half of 1855, of £3893.

"'The fish-jointing of the rails, which has been adopted with the renewals, and the excellent quality of the ballast which has been added, have much improved the condition of the way.

"'The renewal of the viaduct at Bawtry is being effected with brickwork, liable to little future repair, and, when complete, will be a permanent improvement of one of the larger works of the line. Other smaller timber bridges, renewed during the past half-year, have also been rebuilt with durable material.

"'I have pleasure in stating that saving has been effected, under several heads, of my expenditure; and that the total charges against revenue have, therefore, not been so much increased as the heavy renewals would have warranted.

"'The way and works have been maintained in a high state of repair, and are in excellent condition.

"'I have the honour to be, gentlemen, your obedient servant,

(Signed) "'WALTER M. BRYDONE.

"'The Directors of the Great Northern Railway.'

"'The Great Northern Railway.

"'Locomotive Department, Doncaster, 11th Feb., 1857.

"'TO THE DIRECTORS OF THE GREAT NORTHERN RAILWAY.

"'Gentlemen,—I have the honour to report to you that I have made

up my accounts for the past half-year, and that the results, as compared with those for the corresponding half of 1855, are as follows:—

	December, 1856.	*December*, 1855.
Train mileage	2,865,493 . . .	2,868,416
Total expenditure . .	£117,093 . . .	£122,968
Cost per train mile . .	9·807*d*. . . .	10·288*d*.

"'Thus showing, that whilst, practically speaking, the same mileage has been run in the half-year ending 31st December, 1856, as in the corresponding half of 1855, there has been a saving, in 1856, of £5875 in the expenditure, and of ·481*d*. in the cost per train mile.

"'I therefore trust that the result of the half-year's working of my department will be considered satisfactory, as, although the work has been done at a less cost, the stock, I can confidently say, has been fully maintained.

"'I have the honour to be, gentlemen, your obedient servant,

(Signed) "'ARCHD. STURROCK.'

"'Great Northern Railway.

"'Registration Department, King's Cross,

"'London, 11th Feb., 1857.

"'Gentlemen,—Although this branch never came within the province of our duties as auditors, yet, under the peculiar circumstances which have arisen, we acceded to your request, that we should, with professional aid, examine into the frauds committed in the registration department.

"'For this purpose we lost no time in availing ourselves of the assistance of Mr. W. W. Deloitte; although this gentleman was personally unknown to us, his professional reputation afforded us a sufficient guarantee for the faithful discharge of his arduous task.

"'We beg to annex his report, and feel confident that Mr. Deloitte will use every exertion in ascertaining the exact amount of loss as speedily as practicable.

"'The system and machinery which he has employed for the investigation are so comprehensive, as to leave no doubt that the paramount object of balancing the whole of the registration records will be satisfactorily accomplished.

"'We remain, gentlemen, your very faithful and obedient servants,

(Signed) "'JOHN CHAPMAN,
"'J. CATTLEY, } *Auditors.*'

"'The Chairman and Directors of the Great Northern Railway Company.'

"'4, Lothbury, London, February 11th, 1857.

"'TO THE PROPRIETORS OF THE GREAT NORTHERN RAILWAY.

"'Registration Department.

"'Gentlemen,—Immediately upon receipt of instructions from your auditors to assist them in the investigation of the various registers of stocks and shares in this department, I commenced active operations thereon.

"'I find the work of great magnitude, and of a character that will necessarily occupy a considerable time.

"'The registers have not been adjusted since 1846, the period at which the amalgamation between the "Direct Northern" and the "London and York" took place, when the united shares of the two companies were by arrangement reduced to 224,000. Upon 112,518, being the "Direct Northern" portion thereof, £3 15*s.* per share was paid; ad upon 111,482, the London and York portion, £2 10*s.* per share was paid.

"'The registers of the various preference stocks issued since that period also require adjustment, some part thereof having been issued at a discount, and some at a premium. Under these circumstances, I have thought it necessary to commence my inquiry from 1846, to enable me, in the first instance, to ascertain the correct amount of shares or stock, at par value, which each proprietor is entitled to who has paid up such shares or stock, and then to trace the various transfers, which is the only safe and sure mode of arriving at a sound conclusion.

"'In order to expedite my work, and to enable me to arrive at a result as speedily as practicable, I have divided each of the stocks into several books, by which means I shall be able to employ additional clerks thereon, as I am fully sensible of the great anxiety of all parties interested to have the report of the auditors upon this most important subject.

"'I annex statement, showing the balance of the several dividend accounts in the ledger on the 31st December last, for your information.

"'I have recommended the adoption in future of a system for the preparation of the dividend lists and payment of the dividends, which will immediately discover, and I hope, therefore, prevent, any discrepancy either in the stock or dividend, whether arising from fraud or error.

"'I am, gentlemen, your obedient servant,

(Signed) "'W. W. DELOITTE.'

"'STATEMENT OF THE BALANCES OF THE GREAT NORTHERN DIVIDEND AND INTEREST ACCOUNTS, ON 31st DECEMBER, 1856.

	Overpaid. £ *s.* *d.*	Unclaimed. £ *s.* *d.*
First Dividend, to June, 1851, due September, 1851	106 15 0	
Interest on Preference Capital, due March and September, 1851		1,050 3 3
Carried forward	106 15 0	1,050 3 3

	£	s.	d.	£	s.	d.
Brought forward . .	106	15	0	1,050	3	3
Second Dividend, to December, 1851, due March, 1852	228	6	3			
Interest on Preference Capital, due March, 1852				184	4	9
Third Dividend, to June, 1852, due September, 1852	183	2	1			
Interest on Preference Capital, due June, 1852				39	6	0
Interest on Redeemable Preference Capital, due June, 1852				103	15	8
Fourth Dividend, to December, 1852, due March, 1853	316	16	8			
Fifth ditto, to June, 1853, due September, 1853	592	1	8			
Interest on Advances on Calls on Redeemable Preference Capital, due September, 1853 .				202	16	5
Sixth Dividend, to December, 1853, due March, 1854	1,569	7	6			
Seventh Dividend, to June, 1854, due September, 1854	466	1	5			
Eighth Dividend, to December, 1854, due March, 1855	2,639	4	1			
Ninth Dividend, to June, 1855, due September, 1855	850	13	2			
Tenth Dividend, to December, 1855, due March, 1856	2,389	15	9			
Eleventh Dividend, to June, 1856, due September, 1856				590	11	2
Overpaid . . :	£9,362	3	7			
Unclaimed . .				£2,170	17	3

OBSERVATIONS OF MR. W. H. CLARK.

"GREAT NORTHERN RAILWAY.

"Edmund Denison, Esq., M.P., Chairman, etc.

"Sir,—Availing myself of your offer, I have the honour to transmit to you, for publication with the report, some observations on the statement you were good enough to send me.

"I am, sir, your obedient servant,

"3rd March, 1857." "W. H. CLARK.

"The chairman having offered to lay before the shareholders any remarks I may deem it proper to make on a statement he has sent me, I submit the following observations on that document:—

"The statement recites a certain part of the business of the registration office, which it reduces in a manner that makes it appear that it could be personally performed by the registrar; and it omits any reference to an important investigation which I had begun before and left in progress, when I retired.

"It was as secretary of the Direct Northern that I became connected with the Great Northern. On the union of the former company with the London and York, it was a condition of the amalgamation that my services should be retained in some department. Accordingly, I was made registrar of the united company. I had, and pretended to have, no knowledge whatever of book-keeping or registration business. The directors did not ask it of me. There was other and equally important business more in accordance with my habits, and sufficient to occupy me.

"The 'statement' alleges that besides Redpath, four or five other clerks were at that time placed in the department. According to the best of my recollection there were only two, and they shortly left the service of the company. It was not for several years afterwards that the number, which always remained inadequate to the demands on the department, was increased to four or five. The 'statement' confines its description of the registrar's duties to those of a statutable kind only. It does not state that all the capital of the company was called up and collected through this department; that the greater part of that capital was raised at a period of heavy financial depression, when the payment of calls was consequently made most irregularly, to the enormous augmentation of business; that a very laborious and difficult division of shares was made; that large forfeitures and prolonged litigation were conducted; that there were repeated creations of preference shares; that the charge of the East Lincolnshire stock was made over to the office; and that by it all transfers of loan capital had to be made. In all these operations, I had constant and most extensive oral and written intercourse and communication with the shareholders and their agents to carry on. For this purpose, I was constant in attendance during business hours. The division of shares, owing to a defective and insufficient establishment, had to be carried on by clerks, who were also required to keep down a large current registration business. The forfeiture of so large a number of shares produced embarrassments in the accounts, which the facility with which forfeitures were revoked aggravated. And the creations of preference shares added to the difficulties. In the 'statement,' no notice is taken of such labour, or of the distraction from registration thereby involved. The 'principal duties' of registrar are described without reference to those which really chiefly occupied me personally, and as if in reference to registration, transfers, and half-yearly balances, I could act and do everything without the aid of clerks.

"In the appointment of Redpath I was not in any way consulted. He

was engaged by the board, and placed in the department (without the least knowledge on my part of his previous character), especially because he was well acquainted with registration business, its organization, and book-keeping. As bookkeeper and transfer clerk, it was his duty to post the transfers, to keep the ledgers or registers, to check and balance their accounts, and to make out the half-yearly register of shareholders from them. Those books were principally in his handwriting; personally I never made an entry in them. His duties, to all appearance, he performed punctually and regularly. The clerks under him checked and compared the entries with Redpath, made out the certificates, attended to the address books and ledgers, checked the balances, and calculated and filled in dividend warrants. When transfers were found to be irregular, when calls were found to be unpaid, when certificates were not sent in to meet transfers, I communicated with the proper parties. I examined the certificates sent out, saw that they were properly initialed and compared with the deeds by the entering clerks, had written reports on every case of doubt, and on every written inquiry, and required written vouchers for everything I signed. The half-yearly statutable balances were extended into the proper sheets, either by Redpath's own pen, or by his dictation to other clerks from the registrars under his care. Those balances were then checked by the clerks, and after being certified by Redpath to be correct, were signed by me.

"The board knew that I was not an accountant. Redpath was given me as bookkeeper and transfer clerk, and in the late criminal proceedings he was so described by the company's witnesses. Now, when his frauds have been discovered, nearly three years after I left, the chairman, in effect, remarks that I might have discovered them. But the remark is made in forgetfulness that as to those books I was, by the constitution of the office, dependent on Redpath. The business could only be carried on by the division of labour; that division allotted the books to him, and it was not possible for me to go over every entry, to check every figure (some of them correctly written in originally, and then surreptitiously and feloniously altered), to add up every addition; in short, to follow the forger, as a detective policeman, through frauds of which no one had then the slightest suspicion. I placed that confidence in him which the directors had originally authorized me to place, and which, after my retirement, they themselves continued to place in Redpath, and I was, with the directors, his dupe.

"As the business of the department increased, I did not obtain adequate and effective assistance. Redpath was, indeed, the only person ever placed in the department who had the least previous experience of either bookkeeping or registration; and that experience necessarily led to his obtaining great influence over those below him. On occasions of pressure,

I was compelled to resort to the aid of stationers' copyists. For a length of time, and under great pressure of business, I was separated by inadequate accommodation from the books, which had to be kept in what was really a cellar. I was repeatedly informed that the board objected to the cost of the department. My explanations were deemed insufficient. At last, when the capital was nearly all called up, I was asked by the chairman, with many compliments and expressions of regret, to resign, 'for the sole reason that the registration office ought not to be loaded with the cost of its present staff.'

"It now appears that when my connection with the company thus ended, Redpath had committed part of those frauds which he continued, after my retirement, to practise for two years and a-half longer. A very important fact, only recently ascertained, leads to the inference that from the first he had speculated on his superior knowledge of registration and on his arrangement of the books, to devise a very elaborate and skilful system of fraud, in regard to which I was really as helpless as the directors. No doubt, the board fully believed that they had provided the department with an upright as well as a competent bookkeeper and registration clerk. So far, however, from that having been the case, it is now certain that Redpath, besides having been a bankrupt under discreditable circumstances, had previously left a highly-respectable house in the City, in which he held a situation, having misappropriated and peculated their funds, and that the employers whom he had thus defrauded had refused, when applied to, to give him a character.

"I state these things to show that the person given me as managing clerk was at the time of his original appointment an experienced criminal, and that in all probability he entered the office, in which his exclusive knowledge at the period of his entry gave him great advantages (advantages which he maintained by the influence he established over his subordinates), with a design of pursuing a career of crime. That he was successful is a cause of the deepest pain and regret to me. But the imputation of the 'statement' amounts to this, that I was unable to detect the most extraordinary cheat and unscrupulous forger of his day, whom the directors had led me to consider as an honest man, and whom they continued for two years and a-half after my retirement to treat as such.

"The 'statement,' moreover, makes no reference to an investigation which I had commenced. In January, or early in February, 1854, I was informed of some comparatively small discrepancies as to dividends in excess. I lost no time in taking steps to investigate the matter, and to probe where the error lay. I arranged a plan of examination, and borrowed two clerks from another department to compare the ledgers with the dividend sheets, to discover any excess of stock charged with dividend, and then to compare the transfers with the ledgers. I remained two months longer

than the time first appointed for my retirement, which was in February, 1854, chiefly for this purpose. And on the 25th April I addressed a letter to the secretary, in which I informed him, that 'the pressure of current business having been disposed of, the examination (necessarily occupying some time) for the adjustment of all accounts between this and the accountant's department has been resumed, and in reference to it my successor will not experience any difficulty.' This letter was of course laid before the board or the executive committee. I retired on the 30th of April, and Redpath, who had so deep an interest in concealment and in suppressing this investigation, was appointed my successor. Before my retirement he had given notice to leave the company, and that notice had, I understood, been accepted.

"The discrepancy as to dividend at that time was thought to arise from some extension of A stock into wrong columns, or other clerical error. No one then suspected frauds; but the investigation which I had begun would have penetrated to the causes of the discrepancy. I first heard of the magnitude and of the discovery of the frauds in the newspapers. I immediately tendered to the secretary and chairman any information and assistance in my power.

"Under these circumstances, the 'statement' imposes on me a responsibility which the facts do not warrant. It seeks to fix on me duties which the board had given me Redpath and clerks to perform, and which could only be performed by a staff, and it makes no reference to the investigation which I left in progress, and formally noticed in my letter of retirement.

"It is necessary, finally, for me to remark, that I only saw Redpath, when I was registrar, in the offices. I had not the smallest intimacy with him. I never had a pecuniary transaction with him. And I set the department an example of strict abstinence from all Stock Exchange speculations. The only share or stock transactions I had were the sale of two small allotments of shares which were offered to me, and the profit on which was not £50.

"The acknowledgment in the 'statement,' that 'no suspicion attaches to Mr. Clark of his having had the remotest knowledge of the forgeries,' is a bare act of justice. And I think I have shown that it is not just now to attempt to impose on me responsibility for not having detected frauds, the perpetrator of which was given greater power after I left to go on concealing and increasing them, and which frauds it took nearly three years to detect after I had retired, although the examination which I had begun in February, 1854, opened up the highway to detection."

THE TRIAL AND CONVICTION OF LEOPOLD REDPATH.

CENTRAL CRIMINAL COURT, JAN. 16, 1857.

THE trial of Leopold Redpath, late registrar and transfer clerk to the Great Northern Railway Company, for the extensive frauds alleged to have been committed by him upon his employers, commenced at ten o'clock, before Mr. Baron Martin and Mr. Justice Willes. Charles James Comyns Kent, who acted as clerk under Redpath, and is accused of being concerned in his fraudulent transactions, was placed in the dock along with the principal prisoner; but it was arranged that the indictment brought against Redpath separately should be proceeded with in the first instance. There were various counts charging the prisoners with forging transfers of the Great Northern Railway Company's stock, and also with conspiracy. Before the rising of the Court on the 15th, Redpath and Kent were formally arraigned, and both of them pleaded "Not guilty."

The counsel engaged in the case were—Mr. Serjeant Ballantine, Mr. Bodkin, and Mr. Giffard for the prosecution of both the prisoners; Mr. Serjeant Parry and Mr. Tindal Atkinson for Redpath, and Mr. Hawkins and Mr. Thompson defended Kent. The jury having been duly sworn,

Mr. Serjeant BALLANTINE rose to open the proceedings on behalf of the prosecutors. He said—Gentlemen of the jury, although this case, like the one that has just occupied this Court for several days, has excited much public attention, owing to the position of the prisoner, and to the extent of the fraudulent transactions in which he has been engaged, yet the facts which you will have to investigate lie within comparatively little compass, and you will therefore be spared any lengthened statement from me. After hearing those facts, it will be for you to say whether they make out against the prisoner the charge which he has now to answer—that of forging a transfer of the stock of the Great Northern Railway Company. The prisoner at the bar—a person of apparent respectability—was in the employ of the company I have named. Let me give you a brief history of his position in the company from an early date, and show you the situation he held at the time of the alleged forgery. Formerly there were two lines of railway connecting London with the north, one of which was called the Direct Northern, and the other the London and York line. The two railways were managed by different boards of directors, and each of them had its own secretary. After some discussion in Parliament, it was deemed advisable to amalgamate the two lines, and the consequence was that one of the secretaries was thrown out of the position which he originally held. It was, however, thought necessary that another appointment should be created, viz., that of registrar, which was given to a gentleman named

Clark, who was previously one of the two secretaries. While in this new situation the prisoner acted as a subordinate, assisting Mr. Clark in the business of his office. After some further time it was not felt desirable to continue Mr. Clark any longer at his post of registrar, and the prisoner at the bar, who was thought to be fitted by experience and character for its duties, succeeded to this situation. The business to be done was of a very complicated description. A great variety of stock had been created by Act of Parliament, and dividends of different kinds and amounts were paid upon them at the same periods; and considerable calculation was requisite to bring out the respective quotas of dividend to which the various classes of shareholders were entitled. The prisoner was also necessarily acquainted with all the books of the company from the date of the commencement of these transactions; and it was his duty to know who were the different shareholders in the concern, the stock they held, and the amount of dividend payable to each, and likewise to place against every name the sum due to its bearer. He had thus great facilities for the commission of fraud, if he were desirous of doing so. Let me now point out the transactions in which he was concerned, and you will then be able to tell whether they were forgeries or not. The charge against him is that of forging and uttering a forged deed of transfer of the stock of the company, viz., No. 3623, for a sum of £312 10*s*. It appears from an examination of the books of the company, which will be produced before you, and explained by witnesses whom I shall call, that an amount of stock was brought into the company's books, about the period when this forgery is alleged to have taken place, in favour of a person named "John Morris, of Manningtree, Essex." The mode in which this stock was brought in will be seen by reference to other books to which I shall call your attention. The first false entry is made in this form—"O. B., 196, £1250." This is intended to be a reference to one of the company's books called the "old book," at folio 196, in which the shares are referred to as "B shares." You will also find other entries of a similar nature. One of them is "A" stock No. 4341; another is "A" stock No. 5870; and they refer to former books, of which inspection must be made to ascertain the authenticity and value of these entries. There are also other numbers, such as 4341, 4342, and 4343, which refer to other books; and I mention them separately because they belong to a different description of stock from the rest. You will find that the whole of this stock has been disposed of under deeds of transfer. The deed to which I first called your attention, viz., No. 3623, for £312 10*s*., would have entitled John Morris to transfer his interest in that stock had he gone to a stockbroker and produced it. The person purporting to transfer this stock is John Morris, of Manningtree, Essex, and the person purporting to attest is a man named Shaw, represented by the deed to belong to the same neighbourhood. The transfer is accordingly

made by the prisoner to his own name, and sold through his own stock-broker. The money is paid to him for it, and there is an end of the transaction. Supposing there is any right on the part of John Morris to transfer that stock, the transferee would be the person entitled to hold it and he is placed on the book as the person entitled to hold it. I may mention that the state of the accounts of the company attracted the attention of the secretary, Mr. Mowatt, not because any doubt was entertained of the honesty of the prisoner, in which implicit confidence was placed, but because of certain irregularities of method which that gentleman discovered one day when the prisoner was away. This induced Mr. Mowatt to demand a clear statement from the prisoner; and, feeling it his duty to look over the books to ascertain the nature of the irregularities, Redpath did not make his appearance again at the office, when it was found that he had gone off to Paris. Ultimately, however, he was given into custody, and the inquiry instituted which has resulted in this prosecution. It was discovered that no such persons as either John Morris or Timothy Shaw (the alleged attesting witness) had any real existence, and that their names were both deliberate forgeries. His Lordship will tell you that the forgery of a non-existent name is equally punishable with the forgery of that of any living person. But not only was it found that there were no such persons as Morris and Shaw, but, on referring to the old book, in which, according to the recent books, the first credit to Morris appeared, it turned out that there was nothing whatever in the old book relating to Morris; that the whole account purporting to be in his name was absolutely fictitious; and its introduction into the new books an invention of Redpath's to prop up the fraud which he had committed. In five other cases it was found that there were, indeed, accounts in the books, but accounts referring to other people; and that in every instance in which Morris's name was used the stock belonged to other persons than the person purporting to hold them. So that the prisoner in the one case fraudulently created a new kind of stock, and in the other took stock from the rightful owners, and introduced it into the books with the purely imaginary name of Morris in order to carry out his criminal purpose. The amount which the prisoner contrived by these means to get into the name of Morris was no less than £10,000 upon these two accounts. But the prisoner is not only charged with forgery, but with uttering forged transfers with a guilty knowledge. To prove this I shall put in about a dozen other transfers of the company's stock, by which Redpath sweeps away the entire £10,000, and also robs either the company or the individual owners of the stock for whose property, according to the law on the subject, the company was responsible. These, gentlemen, are briefly the circumstances which I have to bring before you. The case, although one of very great importance, is not likely, as I have said, to be a protracted one. I and the learned friends

associated with me will therefore now proceed to substantiate by evidence the facts which I have just narrated.

Henry Atterbury, examined by Mr. BODKIN.—I am a clerk in the service of the Great Northern Railway Company, and have been so for several years. The registration of stock did not come within my department until the month of February, 1856, when I was called in to assist in the business of the registrar's office in consequence of something that then occurred. I produce a transfer, dated May 7, 1852, the number of which is 3623, and it purports to be a transfer from John Morris to William Henry Hammond, of £312 10*s.* of the B stock of the company. In this entry the names of Morris, the transferrer, and that of Timothy Shaw, the attesting witness, are, I believe, in the handwriting of the prisoner Redpath. I also produce the register-book, in which there is an entry of the transfer in the prisoner's handwriting, the letters "O. B." being annexed to it to denote that it is brought forward from an old book of the company. On examining the old book to trace this entry, I find there no account whatever in the name of John Morris, as represented in the newer book. The register also contains the following other entries of transfers, viz.:—No. 4340, B stock, £1250; No. 4341, A stock, £3750; No. 4342, A stock, £1625; No. 4343, B stock, £1625; and No. 5870, A stock, £1750. This stock is placed to the credit of Morris, Morris's name being in all the entries written in the handwriting of Redpath. On the credit side ot Morris's account there is £5500 of A stock, and £4500 of B stock, making together, between the two kinds of stock, £10,000. On the debit side of the account there is an entry of a transfer from John Morris to W. H. Mote, dated May 7, 1852, of £437 10*s.* in B stock. Timothy Shaw is here again the attesting witness, and his name and that of Morris are in Redpath's handwriting. Next comes No. 3573, £125 B stock, purporting to be a transfer from Morris to a person named Proader, dated May 7, 1852, and Shaw's and Morris's names are in the prisoner's handwriting. No. 3591 is a transfer from Morris to George Wise, 7th of May, 1852, of £50 B stock; No. 3623 is a transfer from Morris to Bennet Pell, 7th of May, 1852, of £287 B stock. To these Shaw is again attesting witness, and his and Morris's names are in Redpath's handwriting. The case is the same with regard to entry No. 3663, being a transfer of £37 10*s.* B stock. Next comes a transfer of £1250 of B stock from Morris to J. Hardy, 16th of September, 1852. The attesting witness in this case purports to be "George Sidney, Hampstead Road," and his name and that of Morris are in the prisoner's handwriting. No. 5697 was a transfer of £2500 A stock from Morris to one named Marryatt. No. 5713 is a transfer from Morris to a person called Pierce, 30th September, 1852, of £75 A stock. No. 5756 is a transfer of £200 A stock from Morris to Seager. No. 5776 is a transfer of £62 10*s.* A stock from Morris to Figgins, 30th September, 1852.

No. 6109 is £1625 B stock, another transfer from Morris, dated 14th of October, 1852. No. 6553 is a transfer from Morris to Burchell of £625 B stock, dated November, 1852. No. 6700 is another transfer from Morris of a sum of £1750 of A stock. In the whole of these entries the name of George Sidney appears as attesting witness, and that name, and the name of Morris in each case are, I believe, in Redpath's handwriting. The witness then detailed other entries of a similar nature in the transfer-book, in which the names of Morris, and also of the subscribing witness, were in the prisoner's handwriting, the result of his evidence being to show, that the total amount of the fraudulent entries upon both sides of Morris's account alone was £17,600, or £9350 in A stock, and £8250 in B stock.

The witness was then cross-examined by Mr. Serjeant PARRY, in answer to whom he said—There is a share register kept by the company, in accordance with the Act of Parliament. I have been in the registrar's office since February last. Redpath was at the head of that office. My services were "lent" to the registrar's office by Mr. Reynolds, the accountant. In that office there are six other clerks besides myself. Some of them have been there longer than I have.

Mr. Serjeant PARRY.—Have you not been brought forward as a witness because you know less of these transactions than any of the other clerks?

Witness.—I have not.

Will you swear that you have not been called for that reason?—I will. The greater part of the entries in the old book are in the prisoner's handwriting.

Mr. Serjeant PARRY.—Let me call your particular attention to the signatures of John Morris and Timothy Shaw. Will you swear, without hesitation, that these signatures are in Redpath's handwriting?

Witness.—I will.

Look at the entries numbered from 4340 to 4343 both inclusive, and tell us whether you can swear that you have not a shadow of a shade of doubt that the names are in the handwriting of the prisoner?—I can swear that I have no doubt about it.

Did you ever see the prisoner write?—I have, frequently. I have taken a great many documents to him, and seen him write upon them.

Is the signature of Hammond in Redpath's handwriting?—No; it is Mr. Hammond's own writing.

Then it is a genuine signature?—It is.

Of the three subscribing witnesses you swear, then, to the names of two of them being in the prisoner's handwriting?—I do.

Have you ever known mistakes to be made in the register of transfers?—There have been mistakes, no doubt.

In the entry of a transfer did you ever omit the name of a purchaser?—I never did.

Do you know whether such things have ever been done by the other clerks?—I do not.

You are aware that the Act of Parliament requires the transfers of stock to be endorsed by the secretary; and can, therefore, tell us whether any of the transfers in question have been endorsed by Mr. Mowatt?—They certainly have not been so endorsed, but they are numbered according to the numbers in the register. There are five different kinds of stock belonging to the company, besides the A and B stock.

Has the secretary never endorsed them according to the Act?—I believe not. He has never written his name upon them. All the transfers are entered in the transfer receipt book, and it is some one's duty to verify them. All the transferees of this transferred stock have been receiving dividend from the company ever since the year 1852. I know several of the directors of the Great Northern Company. I know Mr. Graham Hutchinson, for instance, and Mr. Denison, the chairman. I also know Mr. Reynolds, the accountant of the company.

Don't you know that all these gentlemen have held stock in the company in fictitious names?—I do not.

Don't you know that they have all held stock in different names to their own?—I know that some of them have.

Don't you know that some of them have held stock in one, two, and three different names to their own?—I do not.

Have you ever lent your name to a director?—No. I do not know of any of the other directors holding stock in different names to their own. I never borrowed money from Redpath but once. That was in July of last year. I owe him £17. I intend to repay him.

Are you aware whether Mr. Reynolds, the accountant, ever borrowed money from the prisoner?—I am not.

Do you not know that he has borrowed to the extent of £12,000 from Redpath?—I do not. I was never in a position to know it.

Do you find Mr. Reynolds's name in the company's books?—I do.

Do you not know that his name is down in the company's books to the amount of from £50,000 to £100,000?—I do not.

What, then, is the amount?—I don't know.

Do you know whether or not these were Mr. Denison's shares?—No, I do not. In 1852 Redpath kept the ledger as clerk in the registrar's office.

Re-examined by Mr. Bodkin.—Hammond is a friend of Redpath's. He held no office in the company. I have seen him. He is about twenty-five years of age. I intended to repay Redpath by over-time for the money I borrowed temporarily from him.

John Cawkill, examined by Mr. Giffard.—I am a clerk in the employ of the Great Northern Railway Company, and have held that situation for

eight years. I have had many opportunities of seeing Redpath's handwriting. The signatures of "Morris" and "Timothy Shaw," in the transfers now produced, are both in the prisoner's handwriting.

Cross-examined by Mr. Serjeant PARRY.—I am not aware of mistakes being ever made in the books by the omission of the name of the vendor or the purchaser of stock. I swear that I believe the names of Morris and Shaw in warrant No. 3623, now in my hand, are both in the prisoner's handwriting. The transfers all bear the official stamp of the company; and when a transfer is sent to the officer, a certificate is issued to the buyer. The certificates are issued by the registrar, and not by the secretary; but the name of the secretary appears upon them, on the brand. This brand is not affixed in the secretary's office.

Do you mean that any one who pleases can affix the brand with the secretary's name upon it?—No. Any one can do it who is in the office of the transfer registrar.

Have you ever dealt in stock?—No.

Re-examined by Mr. Serjeant BALLANTINE.—A transfer is not endorsed by the secretary, but has a number upon it corresponding with the receipt-book.

Henry James Wood, of the firm of Field, Son, and Wood, then deposed that he had acted as broker to Redpath, and proved that he had sold the Great Northern stock No. 3623 at the request of the prisoner, and paid over the proceeds to him.

Cross-examined by Mr. Serjeant PARRY.—Redpath has speculated in stock for the last eight years. We conducted the business for him. His transactions with us were to a large extent.

Perhaps they reached £100,000?—No; they were not so extensive as that. The prisoner speculated also in the stock of the Great Indian Railway.

Did he make money by that?—Yes, to a considerable amount.

Did his gains amount to £10,000 or so?—No; some hundreds of pounds would be nearer the mark.

Thomas Morris examined.—I reside at Wix, near Manningtree, Essex. I never heard of any person named John Morris living there. I never held any of the stock of the Great Northern Railway Company.

Cross-examined.—Wix is about four miles from Manningtree. Manningtree has about 1100 inhabitants.

William Rayner examined.—I have lived at Manningtree for the last seventeen years, and was postmaster of that place in 1852, as well as assistant-clerk to the magistrates, clerk to the Commissioners of Taxes, and registrar of births, deaths, and marriages for the division. No person named John Morris lived there. I should have known of it if he had.

Cross-examined.—I don't know everybody in Manningtree particularly

(laughter), but I don't think there are fifty people there with whom I am not more or less acquainted.

Mr. Thomas W. Count, the overseer of Manningtree, was also called to show that there were no such persons as Morris and Shaw residing in that parish.

This concluded the case for the prosecution.

Mr. Serjeant PARRY then addressed the jury on behalf of the prisoner. He said—Gentlemen of the jury, it is now about twenty-six years since the first railway made in England—that between Manchester and Liverpool—was opened to the public, and you will all remember that on that occasion the country was deprived by an accident of the services of an eminent statesman, Mr. Huskisson. That is far from being the greatest calamity which has been brought upon this country by the establishment of railways. In themselves the iron roads have been of the greatest service to the public, but those who have had the management and direction of them have been parties to the perpetration of frauds to an enormous extent, and, by the spirit of gambling and speculation which they have introduced, have been the ruin of thousands of families, and if your verdict against the prisoner at the bar should be "Guilty," it will be his ruin also. He entered the service of the Great Northern Railway Company about eight years ago, and, as is clear from the reluctant evidence of Mr. Atterbury, he found in the office of the company a wide-spread system of speculation and of trading in shares and stocks under other people's names—under names not unfrequently entirely fictitious. Whatever the opinion of the directors of the railway may be on this point, I have no hesitation in saying that such a mode of carrying on business is a deliberate fraud upon the public, and, however this investigation may terminate, there is not the slightest doubt that Mr. Redpath has been brought into this position entirely by the unfortunate circumstance of his becoming a clerk in the Great Northern Railway Company. I have had great difficulty in eliciting from the witnesses evidence which would warrant these observations, because the prosecution has carefully kept back every official of the company, every clerk in the registration office, who could have told you whether these fraudulent dealings in shares and stocks do go on or not. Only two witnesses were called to prove the handwriting of Redpath. Mr. Mowatt, the secretary of the company, is here, but they dare not call him. I do not know whether any of the directors are here or not, but I should have liked to have some of them in the witness-box that I might have asked them whether it is true, as the witness Atterbury admitted he knew from inspecting the books, that several of the directors hold shares and stock in other persons' names. We ought to have had some person called before us who would have been able to state whether this is not the case, and whether the directors are not in the habit of putting stock in other people's names in order to prevent its

being depreciated, by its being known on the Stock Exchange that the stock in the market in reality belongs to the company. If Mr. Redpath is guilty of the offence with which he is charged, he has been led to his ruin by living in the atmosphere of gambling and speculation, which exists in the Great Northern Railway Company's offices. But is Redpath guilty? There can be no doubt that no such person as John Morris of Manningtree exists; but I think you will have great difficulty in coming to the conclusion that both the signatures to this transfer, John Morris and Timothy Shaw, are in Redpath's handwriting, and if you doubt that both are, you must come to the conclusion that neither is. Mr. Atterbury, indeed, has sworn that they both are, but he is evidently actuated by some animosity against Redpath, and you must have noticed that he gave his evidence in anything but that cautious, careful manner which is usually displayed by witnesses to handwriting. He was confident, he had no doubt whatever, though at the best he can have nothing more than a belief on the subject, for he did not see Redpath write it. Why did not the company produce before us, to prove Redpath's handwriting, some witness who had the opportunity of knowing it better, and not a clerk who has been in the registration office some twelve months, carefully passing over five or six others who have been in the office for years? These, I submit to you, are circumstances which should make you pause before you come to the conclusion that the signatures to those two deeds are in Redpath's handwriting. But, gentlemen, I would ask you, are you at all satisfied that these are not transfers of genuine stock? A variety of accounts have been placed before you in Redpath's handwriting, but I think you will find great difficulty in concluding from them that this transfer does not represent genuine stock. The Act of Parliament requires that every transfer should be taken to the secretary's office and there endorsed by the secretary, but there does not appear to have been any procedure of the sort in the Great Northern Railway Company's office. The company has systematically violated the law in that respect. One of the transfers is in the name of Stephen George Hammond; he is a living person; why has he not been called before you to give us an account of this transaction? Gentlemen, I am sure you will not allow yourselves to be made the instruments of sacrificing Redpath to cover the irregularities which it is clear, if Atterbury is to be believed, are carried on in the office of the Great Northern Railway—of making him the scapegoat for the directors and other officials. I have not condescended to ask you to dismiss from your minds the stories which have been current as to Mr. Redpath's past career. They are all gross exaggerations. I am instructed to give to them all a most peremptory denial. He is a man who for years has speculated on the Stock Exchange in hundreds and thousands of pounds. Had not this case excited so much public attention, it would not have lasted so long as it has, for the facts of it lie in the smallest pos-

sible compass, and in your hands I leave it, confident that it will receive from you all the attention which its importance to the prisoner and to the public at large demands.

Mr. Justice WILLES then proceeded to sum up the evidence. The question for the jury to decide would be, whether the instrument before them was a real or a fictitious transfer of stock belonging to the Great Northern Railway Company, and whether it had been executed by the prisoner for the purpose of defrauding the Great Northern Railway Company, or the person to whom the transfer was made. With reference to the question of intention, if the jury should be of opinion that the transfer was fictitious, that would of itself be sufficient to show fraudulent intention, because either the company would have to make good to the transferree the amount of stock which it purported to represent, or the transferree would have to suffer the loss of the sum which he had paid in consideration for it. One party or the other must be defrauded. Then would come the question whether or not it was made by Redpath. His Lordship then briefly directed the attention of the jury to the evidence adduced by the prosecution to show that no such stock as that purported to be transferred did in reality exist in the books of the company, and also to the evidence to prove the non-existence of any such persons as Morris and Shaw. As to the question whether the transfer was executed by the prisoner, it would be for the jury, with the document itself before them, to consider whether they were satisfied with the evidence of those witnesses who had sworn that the signatures to it were in the prisoner's handwriting. If they were, and if they should at the same time be of opinion that the transfer was not a transfer of genuine stock, it would be their duty to find the prisoner guilty.

The jury, after a few minutes' deliberation, without leaving the box, returned a verdict of Guilty.

Charles James Comyns Kent was then placed at the bar, and the two prisoners were put on their trial together, for jointly forging and uttering a transfer of stock of the Great Northern Railway Company, purporting to be of the value of £1087 10*s*., with intent to defraud.

Mr. Serjeant BALLANTINE briefly opened the case, which, he said, as regarded Redpath, closely resembled that on which he had just been found guilty. The prisoner Kent was a clerk in the office of the Great Northern Railway Company, immediately under Redpath, and the charge against him was that he had placed his name as attesting witness to forged transfers of stock, well knowing at the time he did so that they were forged. The particular transfer for which they were now placed at the bar purported to be from "Stephen George Hammond," described as of Barge Yard, Bucklersbury, to a person named George Sidney, of 20, Edward Street,

Hampstead Road. This transfer was an entirely fictitious one. Sidney would be shown to be an entirely fictitious personage, and it would be shown, also, that the attestation to this transfer was in the prisoner Kent's handwriting. Stephen George Hammond, however, was a real personage. He was a godchild of Redpath, and his name, it would appear, had been used very extensively in the books of the company as the holder of the stock. About the time when this transfer was made, a certain amount of dividend would have been payable on what purported to be Hammond's stock, but, it not suiting Redpath's purpose that Hammond's name should be brought forward, an amount of stock, which was purely fictitious, was transferred from Hammond's name, and in this manner his account was exactly balanced, so that he had no dividend to receive. Kent was a party to this transaction by signing his name to the transfer, and the fictitious stock so created and transferred was sold by Redpath, and the purchase-money received by him. The whole transaction was a juggle concocted between Redpath and Kent. For the purpose of showing that Kent had been in the habit of attesting transfers of this description, he should put in several transfers to a fictitious person called Spranger, which were forgeries of Redpath, and which were also attested by Kent. The question for the jury to decide would be, whether it was possible for Kent not to have known that these transfers were fictitious, and were concocted for the purpose of defrauding the company. If so, it would be their duty to convict him of the offence of forgery.

Mr. Baron MARTIN said it would be desirable that the evidence in this case should be confined strictly to Kent's share in the transaction.

Henry Atterbury, clerk in the service of the Great Northern Railway Company, examined by Mr. BODKIN, said—The transfer produced purports to be a transfer of stock in the Great Northern Railway Company to the amount of £1087 10*s.* from Stephen George Hammond, of Barge Yard, Bucklersbury, to George Sidney, of 20, Edward Street, Hampstead Road. It is numbered 16,774. The signature "Stephen George Hammond" is in Redpath's handwriting, as is also the signature "George Sidney." Charles Kent is the attesting witness to the signature of George Sidney, and the signature "Charles Kent" is in the prisoner Kent's handwriting. In the ledger of the company I find entries in Redpath's handwriting of stock transferred from Hammond to Sidney, which correspond with the transfer. The transfer came into the office on the 10th of February, 1855; and the books closed on the 6th of February. It exactly balanced Hammond's account at the time. Redpath at that time had oversold his own account to the amount of £2315. The various transfers produced purport to be from Leopold Redpath to Robert Jeffries Spranger, of Hursley, near Winchester. The signature of Spranger in every one of them is in the handwriting of Redpath, and the attesting witness is the prisoner Kent.

Mr. Serjeant PARRY said, that after the intimation just given by his Lordship, he should not think it necessary to cross-examine any of the witnesses on behalf of the prisoner Redpath.

Atterbury, cross-examined by Mr. HAWKINS (for Kent), said—I was not aware that Redpath had stock in the Great Northern Railway Company standing in various names until the commencement of this investigation. There are in our books thirty-three transfers of stock in the name of Sidney, and the signatures are all in the same handwriting. Some of them are attested by Kent, some by Redpath, and some by Cawkhill. There may be some attested by other persons, but without going through the transfer-book I cannot tell. I have heard in the office that some of the directors hold stock in other names besides their own. I have heard that Mr. Graham Hutchinson, a director, holds stock to the amount of £100,000 in other persons' names, but I do not know that that is so of my own knowledge. Spranger's transfers were not mentioned at Clerkenwell. There was some objection on the part of the officers of the company to produce the register-book at Clerkenwell. I have never posted entries in the ledger to the name of Sidney. I have been in the employ of the company since 1851. I do not know what Kent's salary was. At the office he was considered a steady respectable young man. He was very attentive to his duties, and he was a great favourite with all the officials. I do not know of my own knowledge that on one occasion Kent had a gratuity presented to him for good conduct. Kent was married shortly before he was apprehended on this charge.

Re-examined by Mr. BODKIN.—The counsel for the prosecution offered at Clerkenwell to produce all the documents relating to this charge, but he declined to produce any others.

Stephen George Hammond, examined by Mr. Serjeant BALLANTINE.—I reside at 46, Gower Place, Euston Square, and am of no business or profession. I am twenty years of age. I am no connection or relation of Redpath's, but I have lived in his house on and off for three or four years. The signature to the transfer numbered 16,774 is not in my handwriting. I knew nothing of it, and never myself put any money into the Great Northern Railway Company. I never received any money for that transfer.

Cross-examined by Mr. HAWKINS.—I knew that there was stock standing in my name, and I knew that it was Redpath's stock. He has told me on several occasions that he has put stock in my name. He has told me also that he had stock standing in the name of Sidney, and I have seen a transfer in that name.

Have you yourself signed transfers?

Serjeant BALLANTINE objected to the question.

Baron MARTIN.—Do you mean as a principal or as a witness?

Mr. HAWKINS.—As a principal.

Baron MARTIN.—If the question is objected to, you cannot put it, although it is often asked without being objected to.

Cross-examination continued.—I have myself been asked to execute transfers.

Have you refused to do so?

Serjeant BALLANTINE objected to this question, that any conversation between the witness and another person was not evidence in this cause.

The Court ruled that the question might be put.

Cross-examination continued.—I have not refused to do so.

Has Redpath told you that he has signed transfers in your name?

Serjeant BALLANTINE again objected.

Baron MARTIN.—Redpath and Kent are charged with forging a certain transfer, No. 16,774, purporting to be from Hammond to Sidney. The question is clearly admissible.

Cross-examination continued.—I do not remember Redpath ever having told me so, but I will not swear that he has not. If he had told me so half a dozen times I should have remembered it. I cannot swear whether he has told me so a dozen times. I don't remember his ever having told me so. I can't say I was frequently at the office of the Great Northern Railway. I used to go there to see Redpath. It might have been about stock and shares. It was not always.—Was it generally?—Well, I have been there to see him about stock. I couldn't swear how many times I have been there to see him about stock. I am not a speculator in stock or shares at all. I had some mining shares given me by Mr. Redpath. I had no means of existence myself. Mr. Redpath partly brought me up and educated me. He educated me from 1850 to 1852. After 1852 I was a clerk in a mining company.

Re-examined.—I have not seen Mr. Redpath in Newgate, nor have I had any communication with him, his solicitor, or his solicitor's clerk upon this subject.

Robert Mayland, of No. 20, Edward Street, Hampstead Road, deposed, in answer to Mr. GIFFARD, that he had lived in his present house for the last twelve years. That there was no other No. 20 in the street, and that no one named George Sidney had ever lived there. About eight or nine years ago the prisoner Redpath himself had resided there.

The Rev. Robert Jefferies Spranger, examined by Serjeant BALLANTINE.—I reside at Hursley, near Winchester. I have no stock in the Great Northern Railway. The transfers produced, purporting to be in my handwriting, are not signed by me. Neither are they signed by my father, who died in February, 1850.

Mr. J. R. Mowatt, examined by Mr. BODKIN.—I am secretary to the Great Northern Railway Company. Redpath was originally a clerk in the registration department, but about three years ago he succeeded to the

head of the transfer department, and Kent was then appointed chief clerk. During Mr. Redpath's temporary absence it would be Kent's duty to conduct the department.

Cross-examined by Mr. HAWKINS.—There were altogether five clerks in the transfer department:—Redpath, Kent, Cawkhill, Freeman, and Fleming. I knew latterly where Redpath lived, but I was never on visiting terms with him—certainly not; neither were any of the directors, so far as I am aware. Kent had been in the office for seven or eight years. During the whole of that time his conduct had been tolerably good, but, being a youngster, it was necessary occasionally to give him a little good advice, and I, being an oldster, gave it him. Redpath was living in very good style—I believe at Regent's Park; but I know no more about it than you, sir.

This was the case for the prosecution.

Mr. HAWKINS then addressed the jury on behalf of Kent. He said he had always thought when a serious charge was preferred against any individual, more particularly when it was preferred against a young man in the position of the prisoner at the bar, that the fair and candid mode of procedure on the part of the prosecution was to lay before the jury every particle of evidence which could by possibility tend to throw any light upon the transaction; because a man in Kent's position was placed in many instances in almost insuperable difficulties. The policy of the law forbade a man who was put upon his trial on a criminal charge going into the witness-box to give upon oath his own account of the transaction. However anxious, therefore, such a person might be that the jury should know everything, his mouth must be closed, and he must rely for his defence upon the feeble exertions which his advocate might make on his behalf. He (Mr. Hawkins) now appeared for the young man at the bar, who was just entering upon what he might term the spring of life. He had been in the service of the Great Northern Railway Company from the time that their office was first opened at King's Cross. He had from that hour until the time when he was arrested, on the 11th of November, enjoyed the good opinion and entire confidence of every one who had the least connection with the railway. He had not done anything to abuse that confidence, and it was to his counsel a matter of extreme satisfaction that when he should sit down he would be followed by a crowd of witnesses, all of them gentlemen of the highest respectability, who had known the prisoner almost from his infancy, and who would testify with the utmost satisfaction that they believed him to be a man of unsullied character, whose honour and integrity were still unimpeached. The charge against the prisoner was for combining with Redpath to forge a certain transfer purporting to have been executed on the 10th of February, 1855, by Stephen George Hammond to George Sidney, to which transfer he, Kent,

was the attesting witness. The signatures of Hammond and Sidney were proved to have been in the handwriting of Redpath; but it was his (Mr. Hawkins's) duty to satisfy the jury that Kent had no fraudulent design in attesting those signatures, and that there was really no pretence for including him in this indictment. His learned friend, Serjeant Ballantine, in opening the case, had said that he would prove that these documents were concocted for fraudulent purposes, and that Kent must have perfectly well known the state of Hammond and Sidney's accounts. His learned friend, however, had failed to prove anything of the sort; he had not called a single witness to show that there was one line of Kent's handwriting in any of the books produced, and he (Mr. Hawkins) contended, therefore, that there was no pretence for the opening statement of his learned friend, that Kent had a full knowledge of the books, and that he concocted the fraud in conjunction with Redpath. He contended that upon the evidence there was no proof of intent upon the part of the prisoner. He was a young man in an office over which Redpath presided; it was his duty to obey Redpath; the directors of that great company had placed the most implicit confidence in Redpath; he had had power and control to an almost unlimited extent over those documents, and he had been allowed to continue his practices for years undetected by the auditors and the board. Suppose, then, that Redpath had told Kent that he possessed this stock, that he held it in the name of Sidney, that he had a right to transfer it, and that he had a right to sign the name he assumed; suppose, too, that he added that he was doing no wrong, but that he was doing only what some of the directors had done—one of them to the extent of £100,000—what would the clerk naturally do when so addressed, and when asked in the course of his duty to attest the signature? The young man had been taught to obey and to respect Mr. Redpath, and no doubt he would with perfect innocence do as he was directed. A thousand suggestions might be made to show that the attestation was perfectly innocent; and he was told that in stockbroker's offices it was the constant practice for attesting witnesses to sign documents of this description, without being acquainted with the signature of the principal. Not a shadow of motive had been suggested in this case which should induce Kent to join in a fraud of this description, and without an "intent" proved there must be an end to the case. Moreover, it was not likely, if Redpath had concocted these documents for the purposes of fraud, that he would have divulged his scheme to that young man, and have made him a guilty confidant without giving him also a share in the plunder. There was no pretence for any such supposition; but if the jury believed that Redpath had himself fraudulently concocted these documents for his own purposes, was it not equally probable that he should impose upon Kent some argument to induce him to become the attesting witness? The learned counsel concluded with an

impassioned appeal to the jury to restore the young man at the bar to society, with as spotless a reputation and as unsullied a character as it had been his pride hitherto to have maintained. He had earned for himself the confidence of those who for years had had an opportunity of judging of his actions. The good character which he had acquired had never yet been forfeited; and, looking at all the circumstances of the case, he trusted with confidence that the jury would say that the charge had not been proved to their satisfaction.

The following witnesses were called to character—namely, Mr. John George Hammack, of Box Hill, Surrey, a magistrate of the county of Middlesex, who had known Kent almost from infancy; Mr. William Henry Hawkins, a stockbroker and magistrate, residing at Reigate; Mr. Gole, solicitor, of 49, Lime Street, City, who had known him for fifteen or sixteen years; Mr. Sewell, residing at Clapham Rise, Surrey; Mr. Thomas Ventom, auctioneer, Throgmorton Street, City; Mr. T. Baddeley, solicitor, Leman Street, Goodman's Fields; Mr. J. Church, wholesale grocer, Eastcheap; Mr. T. Ansell, surgeon, Bow; Mr. R. Collingwood, accountant to the East India Company, who had known him from childhood; and the Rev. W. C. Izard, head master of the Stepney Grammar School.

Mr. Baron MARTIN then briefly summed up. With regard to Redpath he said that he thought the jury could have very little doubt that he was guilty of the offence with which he had been charged. As to the observation of counsel that the practice of having stock in other persons' names had been resorted to not only by Redpath but by some of the directors, he must observe that there was no evidence whatever to justify such an observation. One could imagine, however, why a director should have stock standing in the name of other persons for various reasons; for example, that he might not appear to be selling out stock, which might possibly create an alarm among people on the Stock Exchange, and the directors might therefore sometimes have friends who authorized them to hold stock in their names; but that was a very different thing from holding stock in the name of a non-existing and fictitious person altogether, such as the supposed "George Sidney." With regard to Kent the case was wholly different. He was not prepared to say, if Kent had lent himself to be an attesting witness, knowing that forgery was about to be effected, that he would not have been amenable to this charge; but before they convicted him they must be satisfied that he really knew and was aware of what Redpath was doing. If Redpath had said, "This is my account, but it will not do for my name to appear; I have therefore made use of the name of Sidney, I am the real Sidney, and I sign his name, and you must attest my signature," surely such attestation upon the part of Kent could not be called a forgery. It was no doubt a very wrong and irregular act; but if he really believed that he was attesting a document

for the transfer of stock which belonged to the principal of his office, and which he held in the name of Sidney, he would not be guilty of forgery. To convict him of forgery they must be satisfied that he had acted in concert with Redpath, and of that there had been no proof. With respect to the witness Cawkhill, it appeared that he was the attesting witness to two of these documents, and it certainly did seem extremely odd that Kent should be prosecuted and Cawkhill escape, for Cawkhill had done precisely the same act as the other young man. When an attesting witness was charged with forgery, it was the very essence of the charge that he should be cognizant of the crime that he was committing, and that he should commit it with intent to defraud. No such intent had been established in this case; twelve or thirteen most respectable witnesses had given the young man as good a character as he could possibly have, and he thought that the jury were now quite competent to come to a conclusion upon the case without any further observations from him.

The jury, without quitting the box, immediately returned a verdict of *Guilty* against Redpath, and of *Acquittal* as regarded Kent.

Mr. Serjeant BALLANTINE said that there were other indictments for forgery against Redpath, which it was unnecessary to proceed with. There were also others against Kent, but, as he had noticed his Lordship's observations and the view which the jury had taken of the facts against Kent, and as those which he should be able to prove in the other indictments were of exactly the same character, he should not proceed with them. There was, however, an indictment for misdemeanour, involving a great number of transactions in the office in which Kent and Redpath were charged with being engaged together; and he should like to have an opportunity of consulting with his learned friends who were engaged with him in the prosecution as to whether he ought to proceed with that indictment. He suggested, therefore, that the matter should stand over till the next sessions, Kent entering into his recognizances to come up at that time.

Mr. Justice WILLES.—I think that you ought to have put your best leg forward. I have read the whole of the depositions, and I must say that I anticipated the result.

Serjeant BALLANTINE.—Felony is considered a "better leg" than misdemeanour. We always try the gravest charge first.

Mr. Baron MARTIN.—I had very great doubt myself whether there was any case to go to the jury. But take your own course.

Mr. HAWKINS.—It is a fearful thing for a young man to have a charge like this hanging over his head for another month.

Serjeant BALLANTINE.—Then, if my friend objects to my proposition, I must go on with the case.

At this moment Mr. Beckett Denison, the Chairman of the Great Nor-

thern Railway Company, entered the court, and made an intimation to Mr. Ballantine, who thereupon said that a communication had just been made to him, which he had received with much satisfaction. The responsibility of proceeding with the case or not had been left entirely with himself, and he willingly accepted that responsibility, and withdrew from the prosecution. (The announcement was received with unmistakable signs of applause by the crowded court, and Kent immediately quitted the dock.)

Mr. T. Atkinson said that he had been requested to state that between £40,000 and £50,000 worth of property had been realized from Redpath's estate, and was now in the hands of the company. It was a larger sum than was involved in the defalcations which he had been guilty of.

Mr. Justice Willes.—This is not a case in which a "set-off" can be pleaded.

Mr. Serjeant Ballantine.—It is a most monstrous assertion altogether.

Mr. Justice Willes then proceeded to pronounce the sentence of the Court. He said—Leopold Redpath, you have been convicted of forging a deed, an offence of a most serious character, considering that people's property and their livelihood in so many instances depends upon the validity of instruments of that description. The mere fact of forging a deed relating to property is of itself a most serious offence. That, however, is not the end of the crime of which you have been convicted. You must, in the course of the forgeries and frauds which you committed on the Great Northern Railway Company, have led into situations either of guilt or of strong suspicion other persons who are now suffering from your bad example and bad advice. I think it necessary, in consequence of a suggestion which was made by the learned counsel for Kent, with reference to the part which he took in putting his name to the deed as an attesting witness, to say that this is a most irregular and wrong thing to do. He did it no doubt thoughtlessly, acting under your bad advice, not thinking what he was about, and not reflecting that he was adding to a solemn instrument a written lie, signed by his hand. If any such practice exists in the offices of the brokers of the City of London, all I can say is, that those brokers who permit it are far different gentlemen from what, in my short experience, I have found them to be. It is a practice which is much to be reprobated, and it may place in that dock any person who is guilty of it. It is a practice, moreover, as my brother Martin suggests to me, which ought to be avoided for another reason, perhaps not so strong, but still likely to influence those who follow it—namely, that people who allow that to be done may be involved in liabilities with which juries will fix them in case anything irregular should turn out with regard to those deeds. It is a practice, with respect both to business and to moral considerations, which is very much to be reprobated. But this is not the whole of your offence; because the frauds which you have committed in this case are frauds upon

your masters; and unquestionably frauds committed by persons in situations of trust, with salaries which ought to enable them to live in a manner such as persons in their stations of life ought to do, are much aggravated by the relations which exist between the employer and the employed. I will not do more than advert to what was said by my brother Martin yesterday. I agree with him that frauds of this kind appear to be greatly on the increase; and the reason which was suggested by him was the first satisfactory reason to my mind for such increase that I have heard. It is that in these large companies servants are not brought into contact with their masters; they form no attachment for them; and they are not prevented, therefore, by any feeling of that kind from committing depredations. But that is no excuse for a servant, because persons who are not bound by the ties of attachment are equally bound with others to render honest service to those who employ them. Neither is this the whole of your offence; because in the conduct of your defence, if defence it can be called, your learned counsel was instructed to throw aspersions, wholly unconnected with the case in question, upon persons who are directors of this company. Those aspersions were altogether unsupported by any proof; indeed, they could not have been supported in this court, because they were irrelevant. I must say that I regard that as a very base proceeding on your part; and if it were possible to aggravate your crime, I think that that aggravated it very much. You appear, however, not only to have committed a serious offence in itself, with circumstances of aggravation, but you have committed offences of the same kind upon such a scale, and to such an extent, as certainly prove that you are very far advanced in crime, that you are a practised hand, and that you committed crimes by which you acquired a large amount of property. According to the statement of your learned counsel just made, in order to show that your offence is not so bad as might be supposed, you had, when apprehended, some £40,000 or £50,000 of tangible property, which your employers will probably take from the Crown to reimburse them for the losses which they must sustain. But without that, and looking only to the facts in this case, and upon the depositions, it appears that you have forged no less than twenty deeds. You have obtained by means of those forged deeds between £20,000 and £40,000, how much more one may imagine from the statement which has been made on your behalf. You are therefore a person who has forged on a large scale; you have played for heavy stakes, and you must have been aware all along that if your iniquities were discovered, you would be called to a heavy account. That account it is my duty now to close by pronouncing upon you the sentence of the Court, which is, that you be transported beyond the seas for the term of your natural life.

The prisoner, who heard the sentence apparently without much surprise, and whose demeanour remained unchanged, was then removed from the dock.

CHAPTER X.

THE BULLION ROBBERY ON THE SOUTH-EASTERN RAILWAY, AND THE CHEQUE FORGERIES ON THE METROPOLITAN BANKS.

The Bullion Robbery detailed—Pierce, Agar, and Burgess—Their Connection and Mode of Operations—Saward and Anderson—The Association of Saward with each Scheme of Depredation—Motives of Crime and Course of Development—Difficulty overcome, and the Plan for the Abstraction of the Bullion accomplished—The Robbery effected while the Train in Motion—The Prize seized and conveyed away—Sale of the Spoil, and the Introduction of J. Townsend Saward—Partition of the Proceeds of the Robbery—Committal of Agar for another Offence—The Revelations of Fanny Kay, and the Apprehension, Trial, and Conviction of the Prisoners—The Process of the Cheque Forgeries—Connection of Saward, although a Barrister, with Thieves—The Artistic Arrangements for carrying out their Frauds—The Disbanding of this Horde of Criminals—The Efforts of the Police to trace their Career—The Apprehension of Saward and Anderson; other Auxiliary Accomplices—Their final Trial and Sentence of Transportation.

THE question of "high art" crime, though before discussed, was never more clearly proved than in the cases now under consideration. If the elements of full mental culture, of position, and character were exhibited in the frauds of such individuals as Walter Watts, James Windle Cole, W. J. Robson, or Leopold Redpath, and these qualities assisted them in the perpetration of their crimes, what shall be said of the display of ingenuity, perseverance, and artistic skill which accompanied the entire proceedings as revealed in the history of the South-Eastern bullion robbery, and the cheque frauds and forgeries of Saward and Anderson. The dexterity and ability exhibited in these instances of criminal adventure shows to what advan-

tage Pierce, Agar, and Burgess might have pursued an honest course, and how well employed might have been the talents of Townsend Saward had they been properly directed; but the inordinate desire for wealth, however attained, tempted them to the commission of crimes which, notwithstanding they were skilfully planned and carefully developed, were at last discovered through accident, and some time after all prominent trace of the nefarious business was supposed to be destroyed.

The two cases contain features of similarity. Both depredations were effected by the complicated machinery of adepts in crime, and in both cases conviction was brought home to the criminals by the testimony of criminals who turned approvers. One person also, Saward, was an actor in both, for he in the one case assisted in the forgeries, and in the other he aided the robbers to dispose of their ill-gotten gold for coin.

Perhaps, in the annals of crime, no more romantic circumstances ever occurred than in the case of the great bullion robbery on the South-Eastern Railway. The acute cunning with which it was planned—the number of persons directly or indirectly concerned in it—the careful painstaking with which all the preliminaries were carried out—the wonderful skill with which the actual robbery was effected—and the curious way in which it was discovered, these circumstances combined make the gold robbery stand out in bold relief, and hand down the names of Pierce, Agar, and Burgess as having acquired doubtful pre-eminence in criminal history.

On the night of the 15th of May, 1855, three large boxes containing gold were delivered by their owners to Messrs. Chaplin, the carriers, and by this firm they were conveyed to the South-Eastern Railway, London Bridge. The gold belonged to Messrs. Abell and Co., Messrs. Spielmann, and Messrs. Bult. Every caution was taken with the precious freight. The boxes were bound with iron bars; they were

sealed, and weighed by Messrs. Chaplin; they were placed in iron safes secured by Chubbs' patent locks. To these safes there were duplicate keys, in the possession only of confidential servants of the railway company—keys in London, in Folkestone, and also in the possession of the captains of the boats belonging to the South-Eastern Railway. These safes were all specially placed in the guard's van, under his immediate care. On the boxes being taken out of the safes at Boulogne, it was discovered that one weighed some 40 lbs. less than it ought to have weighed, while the other two each weighed a trifle more than they should have done. Inquiry, at once set on foot, proved that the gold, safely deposited in iron-bound boxes, and the boxes in iron safes, had been stolen on the railway. The precious metal had been abstracted, shot had been substituted, and the outward appearance of the safes had been restored as they were before.

The principal actors in this clever crime were Burgess, who had been for thirteen years a guard on the South-Eastern Railway; Pierce, who had been a ticket printer to the company; Tester, a clerk in the traffic superintendent's office; and Agar, who had been for years a professional thief.

The successive steps by which the grand climax of crime was reached, are worth detailing. Agar, after he left his temporary regular employment, had travelled much in Australia and America. Returning from the New World, he met his old acquaintance Pierce, and they conversed, among other interesting topics, on the probability of acquiring possession of some of the gold bullion which was frequently in course of transmission on the South-Eastern Railway. Pierce seems to have been the originator of the robbery, but Agar at once fell in with it, though he at first thought it impracticable. Pierce, however, who was equally bold and inventive in crime, suggested that he could get impressions of the keys to Chubbs' locks to the iron safes which contained the bullion. The two

thieves, taking counsel together, thereupon agreed to go down to Folkestone, watch the delivery of the luggage, and make their plans secure. This they accordingly did, and rather over-did, in fact; for their constantly hanging about, watching the booking-clerks, the luggage porters, and so on, at last attracted attention. The police and the railway authorities having shown that they had their eyes on Pierce and Agar, these two worthies separated, Pierce coming up to London, and Agar stopping behind. The latter was several days before he obtained any knowledge of where the key of the bullion safe was kept, and then, despairing of ever obtaining possession of the key itself, he came back to London. But Pierce was not so easily daunted, and for weeks, ay, and for months, this man schemed and planned how he should get possession of the keys of the iron safes. He looked around him for some young man who might prove a convenient tool. Such proved William George Tester, who was in the office of the traffic superintendent of the railway. But time wore on, and the scheming trio, Agar, Pierce, and Burgess were plotting stealthily for weeks longer, till at last a fourth was added to the conspirators in the person of this Tester. But still they were as far off as ever from the accomplishment of their plans. In July or August, however, a clue to the first step towards the robbery was discovered by Pierce. It transpired that the locks of the iron safes were to be altered, and that the safes were to be sent to Chubbs' for this purpose. Agar was informed that Tester would have the new keys in his possession after the locks had been altered, and it was proposed that he should take impressions of the keys. But Agar was the leading spirit of the four in such delicate operations, and he insisted upon doing this himself.

Still closely watching the necessary preliminaries to the contemplated robbery, the sending of the safes to Chubbs', and their being returned when finished, were circumstances

taken advantage of. Here Tester's roguery comes out very prominently. He it was who now played false to his employers, and facilitated a robbery which but for him could never have been committed. The new safes had two locks, with two different keys, Messrs. Chubb sending home at first only one key to each safe. Tester took these keys to Agar, then lodging in an out-of-the-way place; Agar went up-stairs with them, and took an impression of them in wax. Having so far surmounted difficulties in the thorny path of crime, the thieves chuckled with malicious delight at their success. But there were greater difficulties yet. They felt convinced that whenever gold was forwarded, both locks would be used, and the difficulty now was to get an impression of the second key to each safe. Agar's inventive faculties, however, which were worthy of a better cause, never deserted him. When he at first arrived from America, he had some £3000 of his own—probably ill-gotten, but still in his possession. He determined, then, to make use of a part of this to effect the long-planned bullion robbery. He managed to have a box of bullion of the value of £200 sent down the line, directed to an imaginary Mr. Archer. It was directed "E. R. Archer, care of Mr. Ledger, or Mr. Chapman," two officers of the company stationed at Folkestone. It was arranged that Agar, in the name of Archer, should go down the line, and call for this bullion parcel. This was in October, 1854. He went down accordingly, but the box had not arrived, and the self-styled Mr. Archer had to wait two or three days before it appeared. Ledger had at this time just been married, and Mr. Archer (Agar) only saw Mr. Chapman, one of the booking-clerks. The ownership of the box being undisputed, Chapman opened the safe with a key which he took from a certain cupboard, Agar meanwhile watching him intently without exciting any suspicion. The box was delivered to Agar, who signed the name "Archer" to the receipt, and who thus had ample

opportunity of seeing where the second key of the bullion safe was kept. This done, he returned to London, well satisfied with his miserable day's work. He then communicated with Pierce, and it was agreed that they should at once set to work to obtain an impression of this second key. They went down to Dover accordingly, and walked to Folkestone, where they arrived before the tidal train came in. And now comes an event in this complicated robbery which stamps Agar and Pierce as two of the boldest criminals on record. There was naturally considerable confusion on the arrival of the tidal train, and the two thieves took advantage of it. Acting upon previously acquired information, the two watched their opportunity, and while the booking-clerks for a minute or two had left the office, Pierce walked boldly in, and finding the key in the door of the cupboard which contained the iron safe, he unlocked the cupboard, took out the key of the safe, and brought it to Agar. In a moment this adept scoundrel took an impression of the key in wax which he had ready, and Pierce went back again into the office, and replaced it in exactly the same position in which he had found it.

Here, then, they had accomplished difficulties which for months had baffled them; they now had impressions of all the keys used in locking the iron safes. The next process was to make keys according to the impressions. Agar and Pierce then went secretly to work. Removing to fresh lodgings—the one in Lambeth, the other in Kennington—they began their operations, frequently in concert but sometimes separately, Pierce being all the while disguised by putting on a black wig. Never did prisoner work more perseveringly to effect his escape from a dungeon, than did these two villains work at the filing of their keys. Weeks were occupied in the task, and still they were unfinished. In December, Pierce again removed to Crown Terrace, Hampstead Road, and Agar to Cambridge Villas, Shepherd's Bush. Here

the filing operations were continued, and at last the keys were finished.

Now came another very serious operation, and indeed so serious that it is wonderful they did not find it embarrassing enough to lead them to give up their scheme in despair; but the desperate plan was nevertheless pursued with unflagging energy. Burgess, the railway guard, now lent his valuable aid, and Agar went down in the guard's van several times with him, to test their home-made keys. At first the keys would not at all fit; next time they more nearly fitted; the next time still nearer, and so on, till at last they exactly fitted. But delay was still necessary. On consultation, it was decided not to abstract any bullion until a good haul could be made.

Meanwhile, preparations were made for the last grand *coup*. It was decided on procuring shot equal in weight to the bullion which was to be robbed, so that the discovery of the robbery might be delayed. With a marvellous delicacy as to the kind of prize they intended to capture, they prepared shot equal in weight to what £12,000 of gold would weigh This shot they divided into receptacles for convenient use, placing some in carpet travelling bags and some in courier-bags, which could be easily carried about the person and concealed by a cloak.

The preliminaries were now all arranged, and the opportunity to carry their plans into effect was alone wanting. Night after night Pierce and Agar met, and, avoiding every possibility of being traced, left their residences at Cambridge Villas and Hampstead Road, and cautiously watched about the London Bridge station, being all the while in communication with Tester. At last, on the 15th of May, 1855, Tester met Agar at the station, and told him it was "all right." Pierce was in waiting not far off, and the two drove up to the station dressed as gentlemen, and obtained first-class tickets

for Folkestone. They handed their carpet-bags to a porter, who little knew that they were filled with shot, and he gave them to the guard, Burgess, who put them in his van. Watching his opportunity, Agar jumped into the van with Burgess, and Pierce got into a first-class carriage.

Here, then, was the opportunity which had been sought and planned for months. Agar and Burgess found themselves alone in the guard's van with bullion boxes containing about £12,000. The difficulties they had surmounted before reaching this point would have appalled ordinary criminals. The complicated plans which were necessary—the confiding of these plans to four persons who were all to work together in the most intricate way—the precautions which the railway authorities naturally took to prevent robbery—the double-locked safes, inclosed iron-bound boxes, and all weighed that they should not be tampered with—one would have thought that these tremendous difficulties would have baffled the most deeply-laid plans. But nothing daunted these fellows. The prize was great, and to obtain it they conquered Herculean difficulties, and scorned the heavy penalty which was sure to follow detection. The clever trickery of Agar, Pierce, and Burgess, pursued as it was for so protracted a period, is almost unparalleled in crime. Tester was a mere neophyte, but the other three were adept rogues.

The final effort was now to be made; the occasion, sought night and day with painful perseverance, was to be seized. Agar accordingly lost no time in securing the prize. The false keys which fitted the safe when the last experimental trip had been made, fitted now, and, immediately the train had started, Agar opened the safe. There, sure enough, were the three coveted bullion boxes, sufficiently iron-bound, however, to deter any ordinary burglar. With a mallet and chisel, with which he had provided himself, Agar wrenched off the iron clasps from the box of Messrs. Abell, took out the gold bars which it

contained, substituted the shot bags previously arranged, replaced the iron clasps and nails, lit some wax with a taper which Burgess had provided, resealed the boxes with a common seal which Pierce had bought in Fetter Lane, and secured the greater part of the gold safe in his courier-bag before the train arrived at Redhill. Never had robbery been more cleverly effected thus far. The safe apparently had not been touched, and yet, in the course of a few minutes, one of the boxes it contained had been denuded of its precious burden, and filled with shot! The Wizard of the North could not have apparently effected the transference more cleverly than Agar had actually done it.

Meanwhile the train rattled on to Redhill, and Agar had scarcely completed the first portion of the robbery before this place was reached. It had been arranged that at Redhill Tester should relieve Agar and Pierce of a share of the gold. Accordingly, at Redhill a bar of gold was placed in a black bag which Tester had brought. In the confusion of the train stopping and restarting, Pierce easily slipped into the same van with Agar and Burgess, and no sooner was the train in motion than the safe was again attacked by these bold thieves. Again the iron bars yielded to the mallet and chisel; again the locks gave way to the home-made keys, in defiance of Messrs. Chubb's well-earned reputation, and Messrs. Spielmann's bullion now passed into the courier-bags of the desperate trio.

It is wonderful how the deliberate daring of these men had spurred them on thus far; but their wicked machinations were yet short of their end. Another box remained unopened, and the prize was too rich to leave. This, indeed, was part of their guilty compact: they had bargained for some £12,000, and £12,000 they would have.

The last box, belonging to Messrs. Bult, contained small bars of Californian gold. Clever as these desperadoes were

however, they could not take all this; but they could secure the greater portion of it, and this they did, filling up the box with shot as before. The last act of the performance was as neatly arranged as the preceding; the boxes were as carefully iron-bound, the safe was apparently securely locked, the supposed precious freight was standing exactly where it was first put, and not a sign of the robbery could have been discovered even by a detective. Thus the train arrived at its destination at Folkestone; here the robbers and the all but valueless safes parted company. The boxes which were presumed to contain bullion were given out, having arrived at their destination, and were unsuspectingly received; and Burgess, Pierce, and Tester went on to Dover in the train.

It may be well imagined how the three thieves breathed more freely as they saw the boxes moved away at Folkestone, and noticed how carefully the officials carried the weighty treasure; and how the pulses of the robbers beat more rapidly as they neared Dover, for fear the depredation meanwhile might have been discovered, and telegraphed on before them. But their dark deeds seemed hitherto to prosper; they reached Dover in safety with their plunder. Burgess, the guard, here handed their carpet-bags to Mr. Pierce and Mr. Agar, the first-class gentlemen passengers, and these gentlemen proceeded to the Dover Castle Inn, where they ordered refreshment. Here they were nearly falling into a trap which they laid for themselves. Having taken off their courier-bags, they found they could not replace them without observation. They had to hit upon a scheme, therefore, which happened to succeed. Sending the waiter out for a soda-water bottle to get it filled with liquor, they found time to replace their courier-bags; and now they were ready to start back to the metropolis, perhaps the safest hiding-place for such characters.

The train was to start back at two o'clock in the morning; but they had no intention of coming back with Dover tickets,

their short stay would have laid them open to suspicion. It had been arranged that they should come to London with return Ostend tickets, which had been provided accordingly. Having therefore secured the gold about them, the three were ready to start for London. A difficulty at once presented itself, however, for the porter at the station remarked, on the two gentlemen travellers presenting their tickets as though they had just come from Ostend, that no luggage had arrived from that port that night. "Oh, no," was the ready answer, "our luggage came the night before." But for the promptitude and the probability of the reply, they might have been discovered at the last moment.

Having paid the porter, they got into the train, and arrived safely at London. Here they had still to keep up that ever active deception which is one of the penalties of crime. First they ordered a cabman to drive to the Great Western station; then, when he had nearly arrived there, they affected to have made a mistake, and directed him to proceed to the North-Western, and finally they told him to pull up at a public-house. Instead, however, of entering this, they went into another.

The difficulty now was to turn their plunder into available money. After going to Pierce's house, they accordingly went to meet Tester, as previously arranged, at the Borough Market. Tester, true to his character, as the tool and servant of the other three, was waiting there with the bar of gold which had been confided to him at Redhill. Thence they proceeded to Leadenhall Street, and in one of those shops which attract the passenger by hoards of wealth in the windows, they changed away a portion of the American coin which had been abstracted from Messrs. Spielmann's box—a sufficient proof that the robbers had no intention of escaping to America, the wonted resort of all great criminals. They obtained £213 10*s.* sterling for their American prize; and they then went off to

a money-changer's in the Haymarket, Messrs. Prommel, Rudolf, and Co. Here they exchanged more American eagles for £203. After this they with all speed conveyed the rest of their booty to the residence of Agar, in Cambridge Villas.

Agar's house now in verity became a den of thieves, where operations were secretly carried on to convert their wealth into the desired medium of circulation. Never did alchemists labour more secretly or more perseveringly than did these three men in their unholy work. It was necessary to be secret, for two females were there. Agar was living, under the name of Adams, with Fanny Kay, a young woman, who passed as his wife; and they also had a female servant. The house was six-roomed, there being a wash-house behind. One of the bed-rooms was the dread chamber of operations. Here they took out a stove, and built a regular furnace with fire-brick. Day after day Agar and Pierce were working in this room, Fanny Kay being as cautiously excluded from it as though it had been the dread chamber in Bluebeard's palace, the lady also being, Fatima like, anxious to see what it contained. Deception was, of course, resorted to in order to secure secrecy, and day and night a fire as hot as Nebuchadnezzar's furnace was maintained, crucibles were called into requisition, and the gold bars and dust were melted, and poured into iron triangular moulds, twelve inches by two.

The curiosity of Fanny Kay, however, became so troublesome, that Agar took advantage of a quarrel with her to separate, and he secured lodgings at Kilburn, the ingots being meanwhile removed to Pierce's house. Whether they now feared the detectives were upon their track is not certain, but it is evident they did not remain long in one place. Pierce gave up his house in Crown Terrace, and took a house at Kilburn, which he called Kilburn Villa, and Agar also removed from his residence, and went to live as a lodger with Pierce.

Here again the two worked indefatigably, at once proceeding to dig a hole near the pantry, hiding its whereabouts as secretly as the inmost recess of the robbers' cave where Gil Blas was confined. In this cavernous apartment the gold was deposited, to be removed as opportunity might offer.

In the neighbourhood which these thieves had selected for their operations, there resided a scoundrel whose name will ever be had in memory as the accomplished Fagan of legal society. James Townsend Saward, a man of some fifty-eight years of age, had studied the law as a profession, and in 1840 had been called to the bar by the Honourable Society of the Inner Temple. But there is little doubt that for years he had been carrying on pecuniary negotiations with thieves, and had, as a reward for his services, participated in the plunder. By some indirect means Saward became acquainted with Agar and Pierce, and informed them that he possessed opportunities of disposing of gold. Here was the very source required, and to this honourable gentleman of the long robe they sold bullion to the value of £2500, Saward, of course, receiving ample consideration, and the remainder being divided between Agar, Pierce, Burgess, and Tester.

Thus far the depredation had not only been effected with consummate skill, but the proceeds had been, with scarcely less ability, converted into ready cash. The subsequent negotiations for converting gold into notes, without probability of detection, need not be detailed: suffice it to say, that they were all managed with great business tact; but there is one way in which part of the money was disposed of which is worth mentioning. No man, says the proverb, is all sin. Agar had at least a natural affection for his child by Fanny Kay, with whom he had been living. They had quarrelled and separated, as has been already intimated; but he was, nevertheless, desirous of providing for them. Doubtless knowing that sooner or later the day of discovery and punishment would

come, he looked forward into the dark future, and determined that they, if possible, should enjoy his wealth when he could no longer retain it. And here comes the strange illustration of prudence and forethought. Accordingly, in the spring of 1856, he sold out £3000 Consols which stood in his name. He then authorized a solicitor to make a number of payments for him, and the balance, £2500, was passed to Pierce to invest for the benefit of the woman Fanny Kay and her child.

The fell day of discovery which Agar had so long dreaded at last arrived. His own account of his capture is romantic. He admitted on his trial that he had for years been engaged in various crimes, though their specialties were not fully entered into. He had been to the United States, where he lived by "speculating." There is no doubt his passages across the Atlantic were connected with the disposal of stolen notes. After his return, he lived at Kilburn with a female named Emily Campbell. She had formerly cohabited with a man named Humphreys. Agar says that he lent Humphreys £230, and one afternoon he was going to receive repayment. Just as Agar had arrived at the corner of Bedford Row, a man said to him, "Bill has sent me to tell you not to come in—there's a screw loose." Pulling out a bag which the man said contained £200, Agar took it, and saw some one coming behind him; whereupon the man who had given him the bag told him to run, which Agar did. The other immediately called out "Stop thief!" Agar at once stopped, and a policeman took him into custody. He was then put on his trial for uttering a forged cheque for £700, found guilty, and sentenced to transportation for life. Agar, however, had chosen a thief for his trustee, and the old adage of "honesty among thieves" was not verified. When he found that there was no chance for his own liberty, he made over to Pierce, besides the Turkish bonds previously intrusted to him, some thousands of pounds. Mr. Bodkin, counsel for the prosecution, estimated the whole

sum thus made over at £7000; while Mr. Baron Martin, in passing sentence, told Pierce, "In all you must have got out of him £15,000!" This was all to be for the benefit of Fanny Kay and her child. The villain Pierce, however, made her a few payments, and then abandoned her. With the desperate rage of a deceived woman, Fanny Kay went at once to the South-Eastern Railway authorities, and told them what little she knew about the robbery. Mr. Rees, their solicitor, then went to Agar, and he, with the natural vindictiveness of a thief who, himself caught and suffering the heavy penalty of crime, felt galled that his accomplices had escaped, and that his child and the woman he loved were forsaken, told Mr. Rees all the circumstances of the bullion robbery on the South-Eastern Railway.

Mr. Rees, as solicitor to the South-Eastern Company, accompanied by Williamson, a detective, thereupon went immediately to Pierce's residence at Kilburn Villa, where this fellow, who before the robbery was but a clerk in a betting-office, was living in comparative luxury, and effected his capture. Here they found the hole, which had been dug in the pantry, filled up with new rubbish; and they also discovered Turkish bonds to the amount of £2000, as well as leases, deeds, and various securities. The capture of Pierce led to that of Burgess and Tester, and the three were shortly brought to the bar of justice. At the trial at the Central Criminal Court, the whole of the facts narrated were elicited on the clearest evidence. Agar, the chief plotter of the band, arrived from the Portland convict establishment as an approver. Fanny Kay, formerly an attendant at the South-Eastern Railway, who was first introduced by Burgess to Agar, and who went to live with the latter as his wife, came forward to convict the three prisoners of complicity with her paramour, possibly only anxious to be revenged upon Pierce. Thus there was a circle within a circle of crime—a plot and a counterplot, and the frightful

drama closed with a terrible penalty. But the law, after all, prevented the retribution of what is called poetic justice. Mr. Baron Martin, in passing sentence, said to Pierce, "On you, Pierce, I am unfortunately compelled to inflict a punishment less severe than upon the other prisoners. They were servants of the company, and you were not. By a strained construction of the law you might, perhaps, have been got into the same category with the other two; but we are unwilling to strain the law against you. But I do declare, that if I stood in that dock to receive sentence, I should feel more degraded to be in your place than in that even of either of your associates. Agar trusted you; he gave you £3000 stock to be invested for the benefit of his child and its mother, together with £600, his share of the produce of the robbery, and the rest of the gold which had not been sold. In all you must have got out of him about £15,000. This you stole, and appropriated to your own use. It is a worse offence, I declare, than the act of which you have just been found guilty. I would rather have been concerned in stealing the gold, than in the robbery of that wretched woman—call her harlot, if you will—and her child. A greater villain than you are, I believe, does not exist."

A burst of applause from a crowded court followed this extrajudicial condemnation, and general regret was expressed that not more than three years imprisonment could be awarded. Burgess and Tester, who had both been, most probably, tempted by Pierce, were sentenced to fourteen years' transportation.

The bullion robbery on the South-Eastern Railway is intimately associated with another series of crimes which are well remembered as the great cheque forgeries. James Townsend Saward, of the Inner Temple, barrister-at-law, was connected with both. In the one case he assisted Agar to convert bar-gold into available cash, and Agar himself turned approver

against his companions, showing Saward's indirect complicity in the nefarious transactions; in the other, Saward was an actual accomplice in forgery, and two approvers came up from Newgate to bear testimony against him. The entire circumstances of the two cases bear out the solemn aphorism, that "the way of transgressors is hard." Companions in guilt in each instance assisted, from various motives, to bring each other to justice.

In effecting the various cheque forgeries, several parties, as in the bullion robbery, were concerned. The leading man among them was Saward, the barrister. The others, who were guided by this legal scoundrel, were Anderson, a man of about thirty-six, described as a servant, and Henry Atwell and William Salt Hardwicke, both of them persons without any settled occupation, the latter a returned convict, and who, to a certain extent, were merely the tools of Saward.

The mode in which these parties carried on their extensive delinquencies, showed Saward, at least, to be a man of unusual skill in planning and committing crime. He organized a complete system of his own invention, and carried it out, with the necessary modifications, in a number of cases. Most of his ventures proved successful, and the entire amount of their gains must have been enormous. The nefarious transactions of these forgers being, however, conducted mainly on one system, it will not be necessary to particularize them all. Forgery of cheques and bills was the leading feature of their scheming, the concomitant circumstances being varied as occasion required. The features of the chief forgeries only need, therefore, be sketched. The first operation took place in December, 1855 (some six months or so after Saward had bought Agar's gold "on commission"). The premises of Mr. Doe, an ironmonger in Spitalfields, were broken into, and among other things abstracted, were two blank cheques, and some cancelled cheques. Saward used these two blank cheques, forging one

for £46, and the other for £96, they being payable at Messrs. Barclay and Co.'s. To obtain the money, the system adopted was to answer advertisements from young men seeking situations, appoint an interview, engage the parties, and send them to the bank to present the cheques. Saward then waited and met the young man coming from the banking-house, and if the cheque was paid, would take the money; if the presenter had been detained, Saward scented the fact of detention, and made off. A new lodging was taken by all the parties for each transaction; so that whether the forgery was at once discovered, or only after a considerable lapse of time, any attempts to trace the delinquents were unavailing.

The second transaction was a failure, though conducted in the same way. The premises of Mr. Ash, an iron merchant in Upper Thames Street, were the scene of a burglary. Again blank and cancelled cheques, through this medium, came into possession of Mr. Saward. A young man was entrapped, in answer to an advertisement; then followed the ordeal, to present a cheque for £91 at Messrs. Smith, Payne, and Co.'s. The cheque was discovered to be a forgery; the young man was detained; and Messrs. Atwell and Saward did not return to their new-found lodgings. Then the cheque-book of Messrs. Bramah and Co. was mysteriously obtained, and three cheques for £47, £71, and £87, presented on the same system, were paid. Again, a cheque of Messrs. Dobree and Sons, merchants, Tokenhouse Yard, mysteriously came into the possession of Saward.* He prepared a bill of exchange for £386, which purported to be accepted by these gentlemen, and payable at Hankeys and Co. For this occasion Saward was "Mr. White," of Cumberland Street, Hackney Road. A young man was

* It is supposed that Saward and his friends obtained these cheques through indirect means; not that they committed actual burglaries to secure them, but that they were rather the market for the sale of such documents.

secured, as before, to present it for payment. Anderson, in disguise, watched the young man to the bank, found that the bill was stopped, and "Mr. White" was no longer of Cumberland Street, Hackney Road.

The cunning displayed in the next grand operation was worthy to rank with the cleverest trick in the annals of swindlers. Besides conniving at housebreaking and planning forgery, the *artiste* Saward included pocket-picking, a branch of the art which was doubtless performed by other subordinates. Mr. Alfred Turner, a solicitor, of Red Lion Square, had his coat-pocket picked of his memorandum-book, etc., containing two blank cheques (the *blanks* in these instances were Saward's *prizes*). But to render these blank cheques useful, it was necessary to become acquainted with Mr. Turner's style of handwriting. To Saward's inventive genius this was no great difficulty. He consequently prepared an I O U for £30 in the name of Hesp, and his accomplice Atwell went with it to Mr. Turner, and instructed him, in the customary professional way, to write to Hesp for payment. It was further adroitly arranged that the money, when paid, should remain for a few days with Mr. Turner, so that he might deposit it at his banker's, and give it to his client through the medium of a cheque. Anderson accordingly took a lodging in the name of Hesp, and in due course received a lawyer's letter for payment of the fictitious I O U. Never was I O U more speedily paid; but all the trouble had unfortunately been taken for nothing, for Mr. Turner's clerk, who received the money in the most innocent manner, paid their client in ordinary cash. Saward, on finding his plans frustrated, remarked, with his usual *sang froid*, "Well, we must wait a little, and then try it again."

Some time subsequently Mr. Turner was accordingly attacked again by these persevering depredators. The same scheme of a fictitious I O U was once more adopted, and this time it proved successful. The I O U was paid, and the

money, £103, remained in Mr. Turner's hands for a few days, and passed into his bankers. The swindling client then obtained possession of the amount by a cheque of Mr. Turner's. No time was now to be lost, and taking this cheque for a model, Saward forged three cheques on Mr. Turner's bankers, one of them being for the considerable amount of £410.

Anderson then secured a lodging for the occasion, issued an advertisement as a bait, and caught a young man, who was sent with the forged instrument to Messrs. Gosling and Co.'s. The money was paid, divided among Saward, Anderson, and Hardwicke, and the young man, of course, heard no more of the gentleman who had just engaged him to fill a comfortable situation, "with light easy work, and a good salary."

To connect the two attempts upon Mr. Turner's bankers, a material circumstance must be detailed. In the interim, Hardwicke, an old acquaintance of Saward's, who had been transported for ten years for a felony, had returned from Australia. Before Hardwicke's departure, according to his own account, he had been used badly by Saward (which it is very reasonable to suppose); but the quarrel had been made up on Hardwicke's return, and he was pressed into the service of the forging barrister. Their first joint transaction was on a large scale. Hardwicke had brought back with him a bill of exchange for £200, drawn by Crossman and Co., of Hobart Town, upon Messrs. Kennard and Co., of Austinfriars, payable at Messrs. Heywood, Kennard, and Co.'s. The bill was indorsed to Hardwicke, who now handed it to Saward. This ingenious gentleman, taking the bill as a model, manufactured one for £1000, purporting to be accepted by Kennard and Co., and payable at Heywood, Kennard, and Co.'s. To get this bill cashed the old method was resorted to: a light porter, whom they happened to overhear asking for a situation, was sent with the bill. Hardwicke, unknown to the messenger, was in the bank watching whether the plans were successful, and

Atwell was outside, having ridden by his side in an omnibus unknown to him, the whole of the culprits being suspicious of each other. The porter presented the cheque, and the cashier counted out the notes; but just as he was disbursing the money, he was struck with some misgiving as to the genuineness of the acceptance. He therefore proceeded to compare the bill with other bills; Hardwicke at once took the alarm, and decamped, Atwell just coming in in time to see the light porter detained. The bold stroke had happily been completely defeated.

Another forgery, however, was successful. By some means a cheque of a Mr. Baldwin's came into the hands of Saward and Co. From this document they prepared two similar of £100 each, and one for £50. To get these cheques cashed, a modification of their plans was adopted. They put up at different hotels in London, of course under fresh names. The porters of the hotels were then sent to get the cheques cashed, the plans being complicated thus: Anderson and Saward put up at the Magpie in Bishopsgate Street; from thence Anderson went to the White Hart, in the same street, and sent the boots of this establishment with a £50 cheque to Hankeys and Co. Anderson then went back to the Magpie, and having learned, through the usual means, that the cheque had been cashed, he returned to the White Hart, and secured the money. He then sent the porter at the Four Swans with a cheque for £100 upon Messrs. Hankey and Co. This also was paid. This was on a Saturday, and it was then too late to attempt to cash the third cheque. On the following Monday, however, they adjourned to another hotel, whence a porter was despatched with the remaining £100 cheque to Hankey's. Meanwhile the fraud had been discovered, and the third cheque was stopped, the porter being detained. Learning by the same means that their venture in this respect was a failure, they of course decamped.

This band of swindlers now changed the scene of operations, and, on the same system as they had adopted in London, they commenced business in Yarmouth. Here transactions were entered into which led to discovery. Hardwicke assumed the name of Ralph, and, to obtain a commercial footing in Yarmouth, he paid under the name of Whitney, into the bank of Messrs. Barclay and Co. the sum of £250, which he wished placed to the credit of the supposed Mr. Ralph of Yarmouth. But unaccountably enough, the supposed Mr. Whitney (Hardwicke) forgot to pay it in as money to be paid to the supposed Mr. Ralph (also Hardwicke). Consequently the money was sent down to Yarmouth to the credit of "Mr. Whitney." When Hardwicke went (under the name of Ralph) to receive this money, the bankers informed him they had no money in that name, but the same sum had been paid to the credit of a Mr. Whitney. From this fix—to use an Americanism—there was no extrication. Hardwicke wrote to Saward (under cover to an imaginary person), and he sent Anderson to Barclay and Co., but they refused to pay the money upon the representation he made to them, and they insisted that "Mr. Whitney" should himself come and explain the difficulty. To confront bankers whose suspicions were aroused, was no part of the plans of Messrs. Saward and Co., but the £250 was in jeopardy, and Saward therefore wrote a letter to Hardwicke, giving him certain complicated but necessary instructions to endeavour to secure the repayment of the money.

Communications had, in the meantime, been set on foot between Messrs. Barclay and Co. and their Yarmouth agents, and before Saward and Anderson in London could communicate with Atwell and Hardwicke in Yarmouth, the latter were apprehended on suspicion of forgery or conspiracy.

The detection of the swindlers in Yarmouth led to that of those in the metropolis. On the 16th of September, 1856, Saward's letter to Hardwicke (*alias* Ralph), who had just been

apprehended, arrived. This epistle reached the hands of the police, who were now on the track of Saward and Anderson. Hardwicke and Atwell were therefore put on their trial. The evidence of their guilt was most clear, and they were both convicted of forgery, and sentenced to transportation for life. They were, however, kept in Newgate till the apprehension of their accomplices, which was not effected till some two or three months afterwards.

On the trial of Saward and Anderson, at the Central Criminal Court, before Mr. Baron Bramwell, their former accomplices both appeared as approvers. In addition to the former evidence, on which Hardwicke and Atwell had themselves been convicted, Saward's letter to Hardwicke, and evidence which had subsequently accrued, was brought to bear against Saward and Anderson. Among other witnesses was Elizabeth Evans, who had lived with Atwell as his wife. Herself deceived, she came forward to corroborate the testimony of her seducer, and both assisted to bring to justice two unmitigated villians with whom her paramour had been in league. The trial was also remarkable on account of the numerous witnesses, consequent on the complicated system on which these extensive forgeries had been carried out. It was marvellous, too, how all the secret machinations of Saward and his colleagues were brought to light. Never was the chain of evidence more complete; not a link was wanting. The prisoners Saward and Anderson of course stood little chance of acquittal, any more than their colleagues, who had previously been convicted. After five minutes' deliberation only, the jury brought in a verdict of Guilty, and, as might have been anticipated, a heavy sentence, that of transportation for life, was passed against both criminals. The judge, in his address, did not lose sight of the position of Saward, his character and antecedents; and in the sensible observations which he made upon the extraordinary nature and peculiar talent evinced in the

commission of the crimes in which the culprits had been engaged, evidently considered that he (Saward) was the principal contriving genius. No one for a moment can doubt but that the judgment passed was fully warranted by the evidence elicited, and that the effect, coupled with the sentence in the case of Pierce, Agar, and Burgess, and Hardwicke and Atwell, has been to destroy, for a lengthened period at least, that combination and active exercise of professional criminal talent from the attacks of which no large financial institution was safe so long as perseverance and mechanical dexterity could surmount difficulties which stood in the way of an approach to their resources. It is estimated that the principals of these two gangs of desperadoes must have acquired money to the extent of some thousands a-year, but, nevertheless, Saward, at the latest instant, was believed to be in comparative penury, having usually exhausted his share of the plunder at low gaming houses, and in other species of licentious pleasures.

TRIAL AND CONVICTION OF PIERCE, BURGESS, AND TESTER, FOR THE BULLION ROBBERY ON THE SOUTH-EASTERN RAILWAY.

CENTRAL CRIMINAL COURT, *January* 13, 1857.

THE trial of the prisoners Pierce, Burgess, and Tester, who were charged with committing the extensive bullion robbery upon the South-Eastern Railway in May, having been appointed for this date, the court was early besieged by applicants eager for admission. Excellent arrangements, however, had been provided by the Under-Sheriffs, Messrs. Crosley and Anderton, and hence, although the trial evidently excited great interest, owing to the daring nature of the robbery, the ingenuity with which it had been planned and executed, the largeness of the sum involved, and the apparent respectability of some of the persons implicated, the court was at no period of the day inconveniently crowded, and the proceedings were conducted without the slightest interruption or confusion.

At 10 o'clock Mr. Baron Martin and Mr. Justice Willes took their

seats on the bench, accompanied by the Lord Mayor, Aldermen Humphery and Sir F. G. Moon, Mr. Sheriff Mechi, Mr. Sheriff Keats, Mr. Under-Sheriff Crosley, and Mr. Under-Sheriff Anderton.

The prisoners, William Pierce, aged 40, described in the calendar as a grocer, and as imperfectly educated, James Burgess, aged 35, railway guard, well educated, and William George Tester, aged 26, clerk, also well educated, were then placed at the bar. Burgess was dressed in the uniform of a railway guard, and the other two prisoners were in plain clothes. Tester, who is much the youngest of the three, and who wears a moustache and large black whiskers, evidently felt the nature of his position much more keenly than his comrades. Burgess and Pierce, indeed, appeared to view their position with perfect unconcern, but the indifference of the latter seemed rather of a sullen character, while the unconcern of the former was attributable probably to a natural gaiety of disposition which never allows itself to be long depressed. All the prisoners, during the whole of the proceedings, kept up a pretty constant communication with their legal advisers.

There were four indictments against them; the first charged them with stealing 200lb. weight of gold, value £12,000, the property of their employers, the South-Eastern Railway Company; the second charged them with stealing a number of bars of gold and some gold coins, the property of the same prosecutors; the third charged them with stealing the same property in the dwelling-house of the prosecutors; and the fourth charged them with feloniously receiving the property, knowing it to have been stolen.

The prisoners pleaded "Not guilty" to the whole of the charges.

Serjeant Shee attended specially, with Mr. Bodkin and Mr. Monk, of the Northern Circuit, to conduct the prosecution; Mr. Serjeant Ballantine attended specially, with Mr. Sleigh, to defend Tester; Mr. Serjeant Parry, also specially retained, with Mr. Ribton, appeared for Pierce; and Mr. Giffard, Mr. Poland, and Mr. F. H. Lewis defended Burgess.

Mr. Serjeant Shee, in opening the case for the prosecution said—Gentlemen of the Jury, it is scarcely possible that you should not have learnt, through the usual channels of information, the general history of the gold robbery committed upon the South-Eastern Railway Company. It is my duty to caution you, however, not to pay the least attention during the course of this inquiry to any information which you may have acquired from that or any other source. I shall confine myself carefully to a statement of that only which I believe myself to be in a position to prove, and I think that you will best consult your own convenience, as well as the justice of this case, by endeavouring altogether to dismiss from your minds everything which up to this period you may have heard relating to the robbery. The prisoners are charged with having committed a robbery, on the night of the 15th of May last, of a large quantity of gold entrusted to the South-Eastern Railway Company for conveyance from London to Boulogne. Upon

that night three boxes, containing gold, were delivered by their owners to Messrs. Chaplin and Co., the carriers, and by them they were taken to the offices of the South-Eastern Railway Company, at London Bridge. One of those boxes contained gold, the property of Messrs. Abell and Co.; another contained gold, the property of Messrs. Spielmann; and the third contained gold, the property of Messrs. Bult. Those boxes were bound with iron hoops or bars; they were sealed and weighed before they left the premises of Messrs. Chaplin; and they were placed, as in the ordinary course of business, by the South-Eastern Railway Company, in iron safes, secured by Chubbs' patent locks, keys of which were in the possession only of confidential servants of the company. There were keys in London, there were keys in Folkestone, and there were keys also in the custody of the captains of the several boats, which were the property of the South-Eastern Railway Company. Those iron safes were usually sent to Folkestone in care of the guard, who took them down with him in the van in which he went himself. On the arrival of the safes in question at Boulogne, and on the boxes being taken out, it was found that one of them, which belonged to Messrs. Abell, weighed 40lb. less than it had weighed in London. The box containing Messrs. Spielmann's gold weighed rather more than it had before, and Messrs. Bult's box was also a trifle heavier than before. The boxes were all weighed again in Paris, and the weights there corresponded with the weights at Boulogne. At Paris it was ascertained that a quantity of shot had been substituted for the gold which those boxes had originally contained, and it was clear, owing to the weights at Paris and Boulogne corresponding, that the robbery could not have been committed between those two places. Every inquiry was, of course, instituted, as soon as the fact of the robbery was made known by communication from Paris, to satisfy the directors and the professional advisers of the South-Eastern Railway Company as to the place where the robbery must have been perpetrated. After a full investigation they came to the conclusion that it could not have taken place either at Folkestone or on board the boat, or prior to the delivery of the boxes by the carriers at the offices of the South-Eastern Railway Company at London Bridge, and they arrived at length at the reluctant conviction that the robbery must have been effected on the night of the 15th of May, 1855, in the van of the train of which Burgess, the guard, had charge. The prisoners at the bar have all been in the service of the South-Eastern Railway Company. Burgess was in their service on the night of the robbery, and had been so for thirteen years before; Pierce had also been in their service, although he was not so at the date of the robbery. Up to 1850 he had been in their employ as a ticket printer; but in that year he was dismissed from that engagement. He was, however, well acquainted with the officers and servants of the South-Eastern Railway Company. Tester, at the date of the robbery, was a clerk in the office of

the superintendent of traffic, and he had therefore ample means for obtaining knowledge and information as to the traffic that was conveyed upon the line. Now, on the 15th of May, when the robbery was committed, Tester lived at Lewisham, Pierce at Crown Terrace, Hampstead Road, and Burgess at New Cross, near the South-Eastern Railway Station; and, at the same time, a man named Agar, whom we shall call before you, and whom we believe to have been one of the planners and participators of the robbery, resided at Cambridge Villas, Shepherd's Bush. Agar was never in the service of the South-Eastern Railway Company, and he is now a convict, having been arrested in August, 1855, and convicted in the October following of uttering a forged cheque, knowing it to be forged. He comes before you from Portland hulks, where he is undergoing a portion of his sentence of transportation for life. I need hardly tell you, gentlemen, that a witness presenting himself before a jury under such circumstances, and acknowledging himself to be guilty of the crime with which the other prisoners are charged, is a person whom a jury ought not to believe without strong corrobborative evidence. You will find, however, in this case that the statement which the approver will make to you in a clear and distinct manner, will be confirmed by the evidence of a great number of respectable witnesses. Indeed, I can't help thinking that you will be of opinion that the circumstantial evidence against the prisoners is so strong that it would be sufficient to convict them of the offence with which they are charged even if Agar's evidence were not before you. However that may be, I warn you, as it is my duty to do, not to believe Agar until you find that he is confirmed in all the important portions of his testimony. I cannot tell you what the pursuits of Agar had been previously to the planning and perpetration of this robbery. It appears, however, that he had been frequently to America, and that in May, 1854, he had been at home in England about twelve months, having at that time returned from America. He had been previously acquainted with Pierce, and some short time before this occurrence they met in the neighbourhood of Covent Garden. They conversed together as to the probability of obtaining possession of some of the gold bullion which was known to be in frequent course of transmission along the South-Eastern Railway. Pierce, I rather think, first suggested the thing, but Agar thought it impracticable. Pierce, said that he had no doubt he could obtain impressions of the keys of Chubbs' locks, by which the iron safes were secured. Agar said if that could be done he thought that the rest might be managed; and they resolved, in order to ascertain what would be the best means of obtaining possession of the keys, that they should both go down to Folkestone apparently as casual visitors to a sea-bathing place, and that they should take lodgings there, and employ themselves in watching the arrival of the tidal service trains, and the delivery of the luggage from the trains to the boats. They accordingly went down in the second

week in May and took lodgings at the house of a person named Hooker, a fly-driver, between the station and the town of Folkestone. The lodgings were taken in the name of Adams, by which name Agar passed during their stay at Folkestone. They remained there together a week, and Mrs. Hooker, their landlady, was under the impression that they went every day to the pier, going down to enjoy the fresh air, and to amuse themselves much in the manner that persons at sea-bathing places usually do. There is no doubt, however, that they went down to watch the arrival of the tidal service trains; they were seen in constant communication together, hanging about the station at Folkestone, loitering about the pier, looking at the booking offices, constantly with their eyes upon the booking clerks; and to such an extent did they carry this, that at length they found that they were observed both by the police of the town of Folkestone, and by the railway police. In fact, it became clear to them that they were watched by, and were objects of suspicion to, Hazell, the inspector of the railway police; Steer, the superintendent of the borough police; Sharman, a police constable at Folkestone; and Chapman, an officer in the service of the South-Eastern Railway Company. This was so clear to them, that on one occasion they separated and went in different directions, and, after a week's residence in Folkestone, Pierce went to town, leaving Agar behind. Agar continued his observations for another week, employing himself as he had done while Pierce was there, and he had unquestionably opportunities of observing what took place on the arrival of the tidal service trains, and what Chapman, who had the custody of the key of the iron safe, did when the trains arrived and the luggage was removed to the boats. By these means Agar ascertained eventually where the key was kept, the impression of which it was so important for his purpose to obtain. Having ascertained that, however, he despaired of obtaining possession of the key, and, after staying another week at Folkestone, he returned to London, and told Pierce that he thought the thing was impossible. But Pierce was not so easily disheartened. He seems to have known in the last resort, by what means he might succeed in effecting his object, and he said he was not only quite certain that he could, but that he would obtain possession of the keys whereby the robbery might be perpetrated. He said that he knew a young man named Tester, the prisoner at the bar, who was in the office of the superintendent of traffic on the line, and that no doubt Tester could get possession of the keys for them. Agar remained for some time in London, in constant communication with Burgess and Pierce, and at length, somewhere, probably, about the month of July or August—for Agar is not perfectly clear as to the date—Pierce informed him that it had come to his knowledge that the locks of the iron safes were to be altered, that one of keys had been lost on one of the boats, that the company were resolved to have the locks recombined, and that the safes were to go to Chubbs's in

order to a recombination of the locks, an alteration of the tumblers, and the fitting of new keys. He also said that Tester would have the new keys in his possession after the locks had been altered, and that he could get an impression of them from Tester. That being mentioned to Agar, he replied that he would rather take the impressions himself, and he said, "Let Tester come to me with the keys, and I will take the impression." Tester accordingly took the new keys to a house kept by a person named Wallace, and handed them to Agar, who went upstairs with them and took an impression of them in wax. That done, it seemed probable to Agar that they might succeed in the robbery which they had planned. Having now, gentlemen, gone so far, and having stated the case to you, as Agar will prove it, let me, in order to assist you in forming your opinion upon it, briefly recapitulate the evidence which I shall call to confirm the statements of Agar up to this point. I shall prove to you, by Mrs. Hooker, the landlady, that Agar went by the name of Adams while lodging in her house at Folkestone, that he and Pierce went down to the pier together every day when the tidal train arrived, and that at the end of the week Pierce went to London, while Agar remained behind. I shall also prove, by the evidence of Hazell and Steer, that their suspicions were excited by the conduct of Pierce and Agar, who were always loitering about the pier and station at the time of the arrival of the tidal trains. With respect to the impressions of the keys I shall prove that Tester, being then in the office of the superintendent of traffic, wrote, or conducted, the correspondence with the Messrs. Chubb relative to the alteration of the locks. That alteration commenced in June, and was continued down to October, when the new keys were made; and there can be no doubt, I should think, upon your minds that that was a fact with which Pierce could not have been acquainted, unless some one in the confidence of the company had informed him of it. Having thus obtained the impression of one key, the question arose how were they to obtain an impression of the other, for there were two locks upon every safe, and they thought that probably both locks might be used when gold was being transmitted. They therefore set themselves to work to obtain an impression of the second key, and this was the ingenious plan which they devised:—Agar appears to have been a man who had money at his command, for when he arrived in this country from America he had somewhere about £3000 of his own, or, at all events, a sum which was no part of the produce of this robbery. He arranged, therefore, that there should be sent down to Folkestone a box of bullion of the value of £200, which should be conveyed by the railway in the iron safe in the same way as the bullion boxes of Messrs. Abell and others were conveyed, and that it should be delivered to him (Agar) at Folkestone as in the ordinary course of business. That box was prepared by Pierce in the month of October, 1854, and it was directed to "C. E. Archer, care of

Mr. Ledger or Mr. Chapman," two of the officers of the railway company at Folkestone. Agar having gone down to Folkestone, as arranged, called at the office of the company, and said that he expected a box of bullion, and asked if it had arrived. It happened that upon the day that he called, Ledger, whose duty it was to have delivered the box, had been married, and that in consequence he had gone away from the office for a few days. Agar therefore found Chapman, one of the booking clerks, there. He applied to Chapman upon a Saturday, but the box had not arrived; on the Sunday, still it had not arrived; on Monday it had arrived; and Chapman, before Agar's eyes, opened the safe with a key which he took from a cupboard in the office. He brought out the box directed to Archer, gave it to Agar, and took a receipt from him for it, the body of which was written by Chapman, Agar excusing himself from writing more than the signature on account of his having a sore hand—a suggestion which was borne out by two of his fingers being in finger-stalls at the time. The box, as I have said, was delivered to him, and he saw the key which opened the safe replaced by Chapman. He thus obtained accurate information where the key No. 2 was kept, and having obtained it he went up to London to communicate with Pierce. Now, in all these particulars I shall corroborate Agar by the evidence of Chapman. Ledger was away on the day in question, but Chapman was there, and he remembers the circumstances of the box perfectly well. He remembers the sore hand and the black silk finger-stalls, and he remembers Agar representing himself as Archer, receiving the box from him, signing his name as Archer to the receipt, and taking the box away. I shall further prove to you that Ledger, having in a day or two returned to his duty, saw Agar at Folkestone; and I shall prove also that Agar shortly after was at Folkestone with Pierce, and that about that time he dined at the Pavilion Hotel with Tester. Agar, as I have told you, having made this discovery, went to London and communicated to Pierce the information which he had obtained, and it was resolved that they should at once set to work to obtain an impression of key No. 2. Accordingly, at the end of October, they went down to Dover, where they put up at the Dover Castle, and having inquired the way across the heights to Folkestone, they walked over, and arrived at the railway station at Folkestone before the tidal service train had come in. Now, when this train arrived, owing to the hurry and confusion consequent upon the embarcation of luggage and of property, which was known often to be of great value, Chapman and Ledger were frequently for a short time absent from the office. Agar and Pierce watched these two persons, and saw them both leave the office. Pierce thereupon walked boldly in; he found the key in the door of the cupboard, which contained the key of the iron safe; he unlocked the cupboard, took out the key of the safe, and brought it to Agar. Agar instantly took an impression of the key, and Pierce then again

entered the office and replaced it. Having thus obtained impressions of keys Nos. 1 and 2, they had surmounted, in great part, the difficulties which had occurred to the mind of Agar when the robbery was first suggested to him. The next thing was to make keys from the impressions; and Agar and Pierce immediately set about it, Pierce at that time (October, 1854) having removed to Walnut-tree Walk, Lambeth, and Agar to Harleyford Place, Kennington. They began by filing a blank key, or two blank keys, which they endeavoured to bring into correspondence with the impressions on the wax; and you will find that while residing at Walnut-tree Walk, Pierce, being a man of comparatively light complexion and light hair, applied to a hairdresser in Lambeth Walk to dress up for him a black wig, and you will also find in the course of the evidence that he was disguised in a black wig during a part of these transactions. They continued filing the keys at Walnut-tree Walk until the month of December, when Pierce removed to Crown Terrace, Hampstead Road, the place where he lived when the robbery was committed, and Agar removed to Cambridge Villas, Shepherd's Bush. They continued the filing of the keys there also, and I shall call witnesses who will prove to you that they were so employed for a considerable time, and I believe that I shall be able to produce before you the very tools with which they worked. At length the keys were completed to a probable correspondence with the impressions and with the locks which they were intended to open, and it then became necessary to try them. Pierce and Agar up to this time were in constant communication with Burgess, and they met at various publichouses, including the Marquis of Granby in Lewisham Road, the Green Man in Tooley Street, and at Mr. Stearn's house, the White Hart, in St. Thomas's Street, adjoining the South-Eastern Railway Station. Well, the keys were made, and they had now to be fitted. Agar will tell you that he went down in the van with Burgess several times to Dover in order to fit those keys. They did not fit at first, nor until some time after. They fitted more nearly, however, every time he went. At last they fitted completely, and the robbery was resolved upon. Having made up their minds to try nothing until it would be worth their while to do so, and having ascertained that gold to the value of £12,000 sometimes went down the line, they determined not to attempt the robbery until a very large amount of gold should be in course of transmission to Folkestone, and they prepared themselves for a quantity equal in value to £12,000. They ascertained that £12,000 in gold would weigh about 2 cwt., and they resolved that they would go to the shot tower on the Surrey side of Hungerford Bridge, and purchase 2 cwt. of lead shot. They went together on the first day, and each got 56 lb. of shot, which they carried over Hungerford Bridge to an omnibus, and thus proceeded to Cambridge Villas, Shepherd's Bush. The next day, or the day after, Pierce went alone, and he bought 56 lb. of shot; and on another day he went

again and purchased 56 lb. more. Having thus provided themselves with the lead, they considered what it would be necessary to procure in order to carry the lead, so as to effect their purpose. They had the lead divided into a number of parcels, which they put into small bags made of the check cloth which is used for dusters, and they bought that cloth, as Agar thinks, at Messrs. Shoolbred's, in Tottenham-court Road. They made up some of those bags at Pierce's house, and others at Cambridge Villas, where Agar lived with a young woman named Fanny Kay. Having thus divided the lead, they next proceeded to purchase some large carpet-bags and some small carpet-bags, which might be placed in the large ones; and they then ordered, at a shop at the corner of Great Queen Street, Drury Lane, some courier-bags made of leather, which fit with a strap close to the person, high up, and which may easily be concealed by a cloak or a cape. I shall prove also that at the same time Tester purchased in Drury Lane a small black leather bag, large enough to carry a bar of gold. Being thus furnished, they removed what shot there was at Cambridge Villas to Crown Terrace, Hampstead Road, the residence of Pierce, whence it was more convenient for them to set out on their errand of plunder. I shall satisfy you by the evidence of cabmen and others, whose testimony is entitled to every belief, that night after night for nearly a fortnight Agar and Pierce left the neighbourhood of Crown Terrace in a cab, never leaving the house itself at which Pierce lived in the sight of the cabmen, but calling the cab in the Hampstead Road; and that thus equipped with their courier-bags and carpet-bags, they proceeded to near St. Thomas's Hospital, to a spot a little beyond the road which leads up to the station. I shall show you that at that spot one of the two men always got out, and that night after night they both returned, having done nothing beyond what I have described to you, to near the place whence they started. I shall prove, moreover, that on one occasion the cabman heard Agar say to Pierce, or Pierce say to Agar, he does not know which, "It's not going down to-night." At last the 15th of May arrived, and Agar met Tester at the station. Tester told him that it was "all right," and he and Pierce drove up to the station. They handed their carpet-bags to a porter, who gave them to Burgess, the guard, and Burgess put them into his own van. Agar watched his opportunity, and when the station-master's head was turned, and just before the train started, he jumped into Burgess's van, while Pierce took his place in a first-class carriage, both having provided themselves with first-class tickets. Agar was furnished upon this occasion with a mallet and a chisel, and he at once opened, with his false key, the safe which contained the boxes of Messrs. Abell, Messrs. Spielmann, and Messrs. Bult. He wrenched the iron clamps off the box of Messrs. Abell, with his mallet and chisel. He took out the gold bars which it contained, substituted for them some of the small check bags filled with shot, replaced at

once the iron fastenings and nails which he had removed, lit some wax with a taper which Burgess provided, resealed the boxes with an ordinary seal which Pierce had purchased in Fetter Lane, and had the box all secured, and the greater part of the gold safe in his courier or carpet bags, before the train arrived at Redhill. It had been arranged between Agar and Tester and Pierce, that at Redhill Tester should relieve Agar and Pierce of a portion of the gold; and in the black bag which Tester had bought, and which he had left in Burgess's keeping, one of the bars of gold was for that purpose deposited before the train arrived at Redhill, where it was given to Tester. Remember, gentlemen, I am now telling you what Agar states; but I believe that I shall be able to corroborate Agar as to this fact in a manner which shall leave little doubt on your minds. Tester lived at Lewisham, and his duties kept him late at the office of the South-Eastern Railway Company. He did certainly go to Redhill about that time in the month of May, and he did bring back with him a black bag, which was observed to be heavy by those who saw him on his return; and I shall prove by Jones, the guard of the up train upon that very night, and by other persons in the service of the company, the way in which Tester returned to his home upon that occasion. At Redhill Pierce got into the same van with Burgess and Agar, and the train had no sooner started than the safe was again opened, and Messrs. Spielmann's box was attacked. They took out the whole of its contents, and disposed of them in the courier-bags and carpet-bags as they thought most convenient. Lastly, they attacked Messrs. Bult's box, which they found to contain much smaller bars than Messrs. Abell's, being Californian gold. It was not convenient for them to take the whole of that. They abstracted, therefore, as much as they thought they could manage, and they replaced it with what they conceived to be a corresponding weight of shot. The boxes were all carefully re-adjusted, the van was swept up, and everything was apparently quite right when the train arrived at Folkestone. The iron safes were there given out in the usual way, and the train, with Burgess and Pierce and Agar, went on to Dover. At Dover they got their carpet-bags as first-class passengers from Burgess, and they went into the Dover Castle publichouse, where they, somewhat inconsiderately, relieved themselves of their courier-bags in order to take refreshment, and they afterwards found it rather difficult to replace them without observation. However, in order to do this they sent the waiter out to get a soda-water bottle filled with brandy, and during his absence they put on the courier-bags again, so that they were ready to start once more when the waiter returned with the brandy. The train started at two o'clock in the morning. Pierce had provided return Ostend tickets, which franked the holder of them from Ostend to London. The porter at the station observed that no luggage had passed from Ostend that night. "Oh, no," was the answer, "it came

the night before," and, giving the man a few shillings, their bags were put into the train, and, without being further questioned, they started for London. Arrived in London, they immediately hailed a cab, and directed the driver to take them to the Great Western Railway Station. When they were nearly there, however, they countermanded that order, as if they had made a mistake, and directed him to drive to the North-Western Station, and before they got there they told him to stop at a publichouse. There they alighted, but, instead of going into that particular publichouse, they entered another, where they remained a very short time, and thence they proceeded to Pierce's house in Crown Terrace. They had not been there long when they determined to go down to the Borough Market, where they were to meet Tester, and were to obtain from him the bar of gold which he had brought up from Redhill on the previous night. They met him on the steps of the market, and, having obtained from him the bar of gold, they next proceeded to the shop of a silversmith in Leadenhall Street, near the India House, and they there disposed of a portion of the American coin which had been in Messrs. Spielmann's box, for which they obtained £213 10*s.* in cash. They then proceeded to the shop of Messrs. Prommel, Rudolf, and Co., money-changers in the Haymarket, where they sold another portion of American golden eagles, for which they received a cheque for £203 6*s.* 8*d.* Having done this, they returned to Crown Terrace, and thence they conveyed the greater portion of the gold which had been stolen to Cambridge Villas, the residence of Agar. The first thing that they did there was to endeavour to cut off a portion of gold from one of the bars, which they succeeded in doing, to the extent of about 100 ounces, by means of a hammer and chisel. That gold was given to Pierce, and it will be proved that he sold it for about £3 an ounce. Pierce had also the greater part of the cash which was the produce of the American eagles, and he was in possession altogether at that time of a sum amounting to £716 16*s.* 8*d.* And I beg your attention to the fact that as early as the 28th of May Pierce had the means, by the sale of the American coins, and of the 100 ounces cut off from one of the bars of gold, of obtaining, as you will find that he did obtain at the Bank of England on the 28th of May, six £100 Bank of England notes in exchange for 600 sovereigns. I shall call your attention to this fact again presently. The rest of the gold being now at Cambridge Villas, it was a question how it should be disposed of. Agar was there living under the name of Adams with Fanny Kay, who passed as his wife, and he lived next door to a gentleman named Bessell, whose wife died about that time. Agar had in his service at that time a girl named Charlotte Baker, and Mr. Bessell had a servant named Wild, both of whom we shall call. It was determined that the best way to get rid of the gold was to melt it into smaller pieces, and accordingly iron ingots or moulds of about a foot in length, and two inches in breadth, tapering down to a point

underneath (so that the transverse section would be nearly an equilateral triangle), were obtained at a shop in Clerkenwell, and they then proceeded to erect a furnace at Cambridge Villas. The house consisted of two rooms on the ground-floor, and a kitchen, two rooms above, and a dressing-room and a wash-house behind. It will be shown that they purchased a number of fire-bricks, and that they took out the stove of one of the bedrooms upstairs, and put up the furnace in its place; and I shall prove by Agar and by Fanny Kay, who, though carefully excluded from the room, heard and saw enough to enable her accurately to confirm the evidence of Agar, that they were there engaged day after day for a considerable time working in a tremendous heat while melting that gold. I shall satisfy you, moreover, that in the course of the work one of the crucibles was broken, and that the molten gold falling upon the floor burnt it, and that some of the marks of the burning remain still; and, more than this, I shall produce some of the bricks, with pieces of gold still adhering to them. The gold which was thus melted at Cambridge Villas remained there for some time, until, in consequence of a quarrel between Agar and Fanny Kay, Agar left Cambridge Villas, and went and took lodgings at Kilburn; and about that time the ingots of gold were removed to Pierce's house. Shortly after this Pierce gave up his residence at Crown Terrace, and took a house at Kilburn, which he called "Kilburn Villa;" and there Agar went to live with him as a lodger. I shall prove that, at Pierce's suggestion, a hole was dug near the pantry of Kilburn Villa, and that the gold was deposited there. Portions of it were taken out from time to time, however, and given to a person named Saward, who lived in that neighbourhood, and who said that he had opportunities of disposing of gold. It appears that gold of the value of £2500 was sold to Saward by Agar and Pierce, and that the produce was distributed among the three prisoners and Agar. Now, I beg your attention to the fact which I told you I should advert to again—namely, that before the melting of the gold began the sale of the American eagles and of the 100 ounces of gold had placed Pierce in possession of at least £600, and I shall prove to you in such a way as to leave no doubt upon your minds that the produce of the 600 sovereigns, to which I have before adverted, was divided between the prisoners at the bar. On the 28th of May a person—I can't tell you who it was—went to the Bank of England with 600 sovereigns, and giving the name of Edgington, asked to have six £100 Bank of England notes given him in exchange. I shall call before you a person from Messrs. Edgington, whose name was no doubt familiar to the servants of the South-Eastern Railway Company, they being large tarpaulin manufacturers in the neighbourhood of the station, and he will tell you that he had no knowledge whatever of such a transaction. The six £100 notes, however, of course had numbers, which were taken down at the Bank, and I shall prove that in the September following two of those notes went back

to the Bank of England with the name of the prisoner Tester on them, and I shall also prove that the signature is in his handwriting. Another of the notes went back to the Bank in November, 1855, with the name of "Raffan" upon it, Mr. Raffan being a respectable fruiterer near Fitzroy Square, who will swear that he put his name on it, having received it from Pierce and changed it for him. The history of the other three £100 notes is a little more complicated. They were paid into the Bank of England by Messrs. Robarts, Curtis, and Co. in the month of January, who had received them from Messrs. Hutchinson, the stockbrokers, who had purchased for Burgess, by direction of a person named Lee, a number of Turkish bonds, and who had received from Lee the notes in question. Lee had received them from Burgess's wife. And it is remarkable that, in addition to the three £100 notes which will thus be traced from Burgess to Lee, from Lee to Hutchinson, from Hutchinson to Messrs. Robarts, and from Messrs. Robarts to the Bank of England, there were also paid into their account at Robarts's, by Hutchinson and Co., eight £10 Bank of England notes, which were given by the Bank of England in exchange for the second £100 note, which had the name of Tester on it. There can be no doubt, therefore, I submit to you, that the prisoners shared that £600. I shall further prove that after having held those Turkish bonds for a time, Burgess employed Lee to sell them. Lee sold them accordingly, and wrote the name of Burgess upon them. Having sold them, Burgess deposited the proceeds in the hands of Mr. Stearn, the landlord of the White Hart, in St. Thomas's Street, who suggested that he should be allowed to place the money with his brewers, the Messrs. Reid, who would take charge of it, and allow interest upon it. I shall prove to you that Mr. Stearn's advice was adopted, and that he took the money, which was in notes, to Mr. Smith, the cashier of Messrs. Reid, who wrote upon them the name of Stearn. I have told you that of the gold melted at Shepherd's Bush, £2500 worth was sold by Saward, and divided among the prisoners and the approver. Now, I shall prove that in August, 1854, Agar had purchased, through a stockbroker named Young, two Spanish Active bonds of the nominal value of £700, and that when the division of the £2500 took place, it was arranged between Agar and Tester, that Tester should take those two Spanish bonds as his share, and that he did take them accordingly. I shall also prove to you that shortly after that Tester, through his father, sold those Spanish bonds; that he bought with the proceeds two other Spanish bonds; and that he sold those two other Spanish bonds, and bought with the proceeds one other Spanish bond, which is now held for him by a relative of his own, whom I shall call before you. I have thus, I believe, gone through the whole of the substantial part of the evidence which it will be my duty to lay before you; and you will observe that, although the whole of the facts will be deposed to by Agar, the proof by

no means rests entirely with him. Far from it; for there is a very strong circumstantial case against the prisoners altogether independently of the evidence of Agar. You may ask how it happens that Agar after this robbery should be induced to come forward to make this statement. The facts are these:—Agar was arrested in August, 1855. At that time he had deposited in a trunk at Pierce's house a considerable portion of the produce of the robbery. He had also property of his own, and having been reconciled to Fanny Kay, or entertaining still a kindly feeling for her as the mother of his child, he arranged, when he was arrested, that Pierce should take possession of all his property, and should provide for Fanny Kay and his child. Pierce for a time did contribute something to her support, but afterwards he desisted from doing so, and the result was that Fanny Kay was reduced to the greatest distress.

Mr. Serjeant PARRY (for Pierce).—Really that has nothing to do with this inquiry even if it be true.

Mr. Serjeant SHEE.—Fanny Kay made a statement to the solicitor for the prosecution, and I am stating what it was.

Baron MARTIN.—It is quite legitimate; the learned counsel is explaining how Agar came to make this statement.

Mr. Serjeant PARRY.—Surely the motives of a man under such circumstances cannot be evidence! However, if your Lordship thinks otherwise, I have not a word to say.

Mr. Serjeant SHEE continued.—I will not dwell upon the subject. Suffice it that the fact of Pierce's conduct came to the knowledge of Agar, and that Agar then made known all the circumstances of the robbery. This is the whole of the case on the part of the prosecution, and it really is lamentable to reflect upon the amount of skill, dexterity, perseverance, and ability exercised upon the execution of a criminal design, which this robbery displays. Employed in a better cause, how different might have been the result! In justice to the prosecution, I must add that had not an equal, or a greater amount of skill, dexterity, perseverance, legal knowledge, and discretion been evinced on the part of the professional advisers of the railway company, it is hardly possible that these men could have been brought to justice. I now leave the case, gentlemen of the jury, in your hands, feeling confident that you will give to it that candid and patient consideration which its importance demands.

Edward Agar, the approver, was then called, and examined by Mr. BODKIN. He said—I am at present a convict under sentence of transportation for life, having been convicted of uttering a forged cheque. I am one of the persons by whom a robbery of gold was committed in May, 1855, on the South-Eastern Railway, and I know the three prisoners at the bar. Pierce I have known for five years or more. He was not in the employment of the South-Eastern Railway Company when I first knew him.

Burgess and Tester I have known between three and four years. They were both in the employment of the railway company. I conversed with Pierce on the subject of this robbery about four years ago. That was after my return from the United States of America, but I had spoken to him relative to it before I went to America. At the time I speak of he was clerk at Clipson's betting-office, in King Street, Covent Garden. I met him upon that occasion accidentally; but, as I have said, I had spoken to him on the subject of the robbery before I went to America. He had proposed it, but I had declined, as I thought that the thing was impracticable. I thought it could not be done. When I met him in King Street he asked if I had thought any more of the robbery, and I said that I believed it would be impossible to do it unless an impression of the keys could be procured; and he then said that he thought he could get an impression if I would undertake the business. We had several meetings after that, at all of which the conversation turned upon the subject of obtaining the impressions. He repeated that he thought he could get them; and I said that if he did I had no objection to undertake to complete the robbery. He then said that he would endeavour to get the impressions, and he would let me know the result. I asked him if he got the impressions how many persons were to be connected with the affair, and he said "four," naming Burgess, Tester, himself, and myself. About twelve months before the robbery, I went down to Folkestone, having in the interval had numerous interviews with Pierce. I had also conversed with him respecting the robbery in the presence of Burgess. Tester I had not spoken to before, but I knew him. He was station-master at Margate at that time, and I went down to Margate to see him. Pierce wrote to him to tell him that I was going, and said that Tester could show me an impression of the cashbox key, if that would be any criterion for me to go by in making the keys of the bullion chest. I accordingly went, and saw Tester at Margate. I went to his lodgings, took some tea with him, and stopped there that night. He showed me an iron safe in the office at Margate, and the key belonging to the cashbox, and asked if that would be any guide to go by in making the keys for the bullion chest. I told him, "Not the least." He said that it was a great pity that Pierce had not mentioned the matter to him before, because when he was a clerk at Folkestone he had the keys in his possession. I then returned to London, and in consequence of that last observation of Tester's, Pierce and I were induced to go down to Folkestone. It was about six or seven months after I had seen Tester at Margate that we determined to go to Folkestone. The way it came about was this:—After I returned from Margate I saw both Burgess and Pierce, and I told them my opinion, and reported what I had learnt from Tester. They then asked what I thought ought to be done, and I said that the best thing would be to go to Folkestone, to take apartments there, watch the

trains in and out, and so discover whether the keys of the bullion chest were there, and how they were to be got at. It was arranged therefore that that should be done, and Pierce and I went to Folkestone accordingly. That was about a year before the robbery. At Folkestone we hired apartments consisting of two bed-rooms and a sitting-room. I don't know the name of the house, but it was on the right hand side going towards the up station. I went by the name of Adams, but I forget the name that Pierce adopted. We stayed there a fortnight, and went down constantly to the harbour on the arrival of the train from London and the boat from Boulogne, and we carefully watched the iron safe to see whether it was unlocked, and what was done with the keys. Owing to our being there so often, I suppose, the police took notice of us, and the police inspector of Folkestone followed Pierce. I told Pierce that very likely the inspector was looking after him, suspecting that he was there to pick pockets, or something of that sort. Pierce "took him through the town," and got away somehow. In consequence of that, however, Pierce returned to London, but I remained in Folkestone some few days longer. Before Pierce left we had noticed generally all the circumstances connected with the arrival and departure of the bullion chest, and upon one occasion we had seen it opened. It was placed on the platform, and a man named Sharman came and locked it with one key, which was attached by a loop to a label, from which another key was suspended, which I suspected to be the other key required for the safe. I watched Sharman deposit those keys in the cash till. During the few days that I remained at Folkestone after Pierce left I frequented a public-house which was kept by a person named Meadows, I think in the upper part of the town, and where Sharman, and Ledger, and others in the employ of the company used to go to play billiards. At that time Pierce resided in Walnut-tree Walk, Lambeth. It was arranged by him that I should go to Folkestone, and Tester would introduce me to a person named Sharman, a clerk in the company's employment there, who would show me the keys. I went down accordingly, and Tester was to meet me there as though by accident. This was about eight or nine months before the robbery. I stopped at the Pavilion Hotel. I saw Pierce and Tester at the up station on a Sunday, and we then walked down to the harbour station arm-in-arm. Tester introduced me to Sharman. It was then proposed that we should go to the Pavilion. We went there and had some refreshment. I and Tester dined together that day, and he asked me my opinion of the robbery. I replied that I thought I should be able to manage it now that I knew Sharman. Tester left for London, and I remained behind with Sharman, from whom, he being a very sedate young man, I could not, however, get much information. I went subsequently to London, and told this to Burgess and Pierce, and then suggested that the matter should be allowed to rest for a

time. I afterwards learnt from Pierce that he had received a letter from Tester, stating that one of the keys of the bullion chest was lost, and that the chest would have to be sent to Messrs. Chubb's to be repaired. It was then proposed that Tester should be supplied with wax to take an impression of the keys when the bullion chest came up; but I objected, saying that I must take the impression myself. By appointment I afterwards met Tester at the Arcade, near the London Bridge station. He informed me that he had not got the keys. We met several times without success, not liking to stand long together in the Arcade; but we agreed to see each other in a beer-shop, at the corner of Tooley Street, kept by a person named Wallace. I accordingly met Tester and Pierce there, when the former produced the keys. I said, "I must go into another room and take the impression." Tester hesitated to part with them, and asked me if I could not do it there. I said, "No." I then rang the bell, and was shown into a bed-room, on the pretence that I wanted to wash my hands. I there took the impression of one of the keys, after which I returned the key to Tester. I knew the train to which Burgess acted as guard. We were in the habit of meeting Burgess at Stearn's public-house, which the railway officials frequented. I there informed him how the matter was progressing. I then went for the first time to Pierce's house. It was arranged that we should again go to Folkestone, so as to be able to obtain the impression of the keys kept there. I went to Folkestone accordingly, and stayed at the Pavilion Hotel. While I was there Pierce forwarded to me a box containing 200 or 300 sovereigns, which I had advanced for that purpose. I received a letter from Pierce, by post, informing me that he had sent the box by rail to me, that it was insured in the usual manner, and was addressed to me in the name of Archer, at Folkestone, under the care of Chapman or Ledger. On the receipt of that letter I went to the railway office, and produced it there. The box had not then arrived. I called again on the Sunday, on which day the box reached Folkestone. I saw it taken out of the iron chest in the usual way, and then forwarded to the lower station. I also then saw the chest opened by Chapman; it had two locks upon it. I noticed that he took the key from a cupboard in the office. He brought out the box that I expected, and gave it to me, with a form to fill up with my signature. I signed the form, "E. R. Archer." The document produced is the one that I signed. I took the box to the Pavilion Hotel. I then returned to London, and had an interview with Pierce and Burgess, when I told them where the key of the bullion chest was kept. It was arranged that I and Pierce should go down to Dover, and we went down accordingly by a train that arrived at mid-day. We put up at the Rose Inn, close by the church. We walked over to Folkestone, and got there before the Boulogne boat came in. We were walking about the harbour when she arrived. In a few minutes we saw Chapman and

Ledger leave the railway office; upon which Pierce went in there, while I remained at the door. Pierce passed on to the cupboard, from which he took the key, and brought it to me. I then took an impression of the key, and returned the latter to Pierce, who replaced it in the cupboard. The door by which we entered the office was shut, but not locked at the time. Don't know whether the cupboard was locked, but I suppose it was not. We returned to Dover on the same day and had tea; after which we came back by train to London. I then met Burgess, and told him I had got an impression of the key. He said, "It is a good job, and I will do my best to assist you." I saw Burgess at the Marquis of Granby, New Cross, several times about the business. I next had some blank keys made, and filed them to the size of the impression that I had taken at Folkestone. This was done at Pierce's residence, Walnut-tree Walk. Fanny Kay had been living with me as my wife before this, and she and her child were then staying at the Harleyford Road. She and I had some differences about this time, but we made it up, and came together again. I took a house for her and me at Cambridge Villas, Shepherd's Bush. I finished filing the keys there. Pierce then left Walnut-tree Walk, Lambeth, and took a house in Crown Terrace, Hampstead Road. It was next arranged that after I had completed the keys I should go down by the train, and try them on the bullion chest. This arrangement was made between me and Burgess. I went seven or eight different times by rail with him to try the keys upon the lock before they would answer. We succeeded at last in opening it. Burgess always acted as the guard of the train when I travelled for this purpose, and he saw the chest opened. I afterwards went to Burgess's house, to talk over matters. When the tidal train left early in the day, any bullion that came too late for it had to go by the mail train. It was the mail train that was robbed. We calculated that we should get about £12,000 worth of gold, that being about as much in weight as we should be able to carry. Pierce and I accordingly went across Hungerford Suspension Bridge to the shot tower, and there purchased and carried away each half a cwt. of lead, which we put in bags and conveyed to my house at Cambridge Villas. We went to the same place again and got another cwt. between us to make up the required two cwt. The shot was then placed in 8lb. and 4lb. check bags. Fanny Kay and her child, and a servant named Painter, were at home when this was done. My house has three rooms on the first floor. Don't think Fanny Kay saw us transfer the shot from the large to the small packets. We found that we had more shot than we wanted, and we threw the excess away in some fields situated in the neighbourhood. The small packets of shot were put into four courier-bags, which were made to order at a shop near the corner of Drury Lane. The strength of the bags was tried at Cambridge Villas, when some of the stitching gave way, and I

repaired it. They were made of drab leather. The shot was put in carpet-bags and removed in a cart to Pierce's house in Crown Terrace, Hampstead Road. A black leather bag was also made for Tester, who consented to go to Reigate and there take part of the gold and convey it to London, so as to relieve us of a part of the burden. All the bags were taken to Pierce's house. Everything being in readiness for the robbery, arrangements were made when Burgess got on the mail-train that Pierce, I, and Tester should meet at London Bridge. I and Pierce were to go in a cab with the courier and carpet-bags to St. Thomas's Street near the Hospital. Pierce wore a black wig and whiskers, and had on a cloak, under which he carried two courier-bags, with a courier-bag in his hand. I also had on a cloak, and carried the other two courier-bags and a carpet-bag. I took off my cloak when we got to St. Thomas's Street, and left it and the courier-bags with Pierce in the cab while I walked up to the station and met Tester. Tester told me that no gold was going down that night. This proceeding was repeated five or six times before the robbery was actually committed. On some of these occasions Tester came to the cab and had a conversation with Pierce relative to the robbery. Once Pierce had a carpet-bag on his shoulder, which he left with me at a coffee-shop near the Eagle, College Street, while he went home and dressed himself up. On the night of the robbery Pierce and I were at a public-house together near the turnpike-gate, Camden Town, whence we took a cab and proceeded with our bags to St. Thomas's Street. I got out there and went to the railway station as usual. Burgess then came out of the station and wiped his face. This was the appointed signal by which he was to indicate to us when the bullion was going down by train. Burgess then went to his train, when I returned to Pierce in the cab, and told the cabman to drive us up to the Dover Railway office. I had previously seen Tester on the incline near the terminus, when he said to me in a hurried manner, "All right." I went to the ticket-office and procured two first-class tickets. We kept our courier-bags on, but gave the carpet-bags to a porter. I handed Pierce his ticket, and he entered a first-class carriage. I walked up and down the platform till the train started, and saw the carpet-bags given to Burgess, who placed them in the van. The small black bag was in one of the carpet-bags. Having watched for my opportunity, I at last jumped unobserved into Burgess's van, when I crouched down in a corner and Burgess threw his apron over me. I was in the guard's portion of the van until the train had started, after which I got up and saw that there were two iron safes in it. I opened an iron safe, and took from it a wooden box. The box now produced is the one in question. It was fastened by nails and iron bands, and was also sealed. I had a pair of pincers with me for raising the iron, and also box-wood wedges with which to force open the lid. I took out from that box I believe four bars of gold. One bar I placed in Tester's bag

and gave it to Burgess. The other three were placed in the carpet-bag. I then put the shot into the box instead of the gold. Burgess put the bag intended for Tester into the guard's compartment. The train by this time had arrived at Reigate. When we stopped there I gave the bag to Burgess, and then heard Tester say, "Where is it?" I saw no more of it till the next morning. I did not see Tester at Reigate, but only heard his voice. When the train again started, Burgess joined me in the van, and I opened another box in the same safe, containing American gold coins. I don't know the amount of those coins, but I put them into a bag and substituted shot for them also. I then fastened down both of the boxes—the one that had the American gold coin in it with a screw—and I sealed them again with some seals and a wax taper, which I had purchased for the purpose. I then locked the one chest and opened the other, in which there was a box, which I found to contain small bars of gold. I took out as many of the small bars of gold as I thought I had shot sufficient in weight to replace, and then I fastened up the box again. The safes from which I took the gold were removed from the train by the railway company's officers at Folkestone, and we went on with the train to Dover. I and Pierce took the courier-bags and the carpet-bags with us. We put up at the Dover Castle Hotel, near the railway terminus. This was about eleven o'clock at night. We entered the coffee-room, where we placed the carpet-bags under the window, and then ordered our supper. During the absence of the waiter we took off our courier-bags. The waiter asked whether we wanted beds, and we answered "No;" observing that we had driven in to the town, and were going back to London by the 2 A.M. train. I left Pierce at the inn, and went myself to the pier and threw my mallet, chisels, and other tools into the sea. When I returned to the hotel we paid our bill, and then sent the waiter for some brandy in a soda-water bottle, in order that we might take advantage of his absence to put on our courier-bags again before leaving. We next walked to the railway station to return to town, and on a railway porter asking us for our carpet-bags, I refused to give them to him, but the man persisted in his request, and almost forced the bags out of my hands. The porter inquired whether we had tickets, when I replied that we had Ostend ones, upon which he asked to see them, stating at the same time that there had been no luggage passed through the Custom House that day. I answered "No; we came yesterday;" and at the moment slipped some silver into his hand. The porter then left us, and we went into a first-class carriage, in which Pierce and I travelled alone. Burgess was the guard of this train. On our way up we opened the large carpet-bag, in which were "dummies," and threw out the hay they contained; and at one of the stations at which we stopped Pierce got out and placed the empty bags behind the door of the waiting-room. The gold was then in the small carpet and courier-bags. On arriving at London Bridge we took a cab, and ordered

the driver to take us to the Great Western Railway, but before reaching that place we told the cabman he had made a mistake, and desired him to drive to Euston Square Station. When we got out there we discharged the cab, but Pierce engaged another, in which we were conveyed to the neighbourhood of Crown Terrace. We there dismissed the second cab, and took the bags to Pierce's house. Thence we proceeded to London Bridge in a cab, with the American gold coin; and I met Tester with a bar of gold, as had been previously arranged. Tester gave me the bar of gold, and then went, as I believed, to his office. I and Pierce again took a cab, and drove to the vicinity of the East India House. Pierce got out there, taking with him part of the American coins, and sold them at a shop at the corner of St. Mary Axe. I remained in the cab, and when Pierce returned he said he had to wait till the money-changer could go to the Bank for gold; but he had obtained upwards of £200 for the American coins. We then went to another money-changer's, near the Haymarket, where Pierce sold the remainder of the American gold coins for another £200, which was paid in a cheque on the Union Bank. The cheque was then taken by us to the bank and cashed. We afterwards returned to Pierce's house. Pierce had the whole of the proceeds derived from the sale of the American coins. At this time I was not in want of money, but Pierce was, he having been obliged to pledge his things to obtain the means of support. Pierce and I afterwards hired a horse and cart, and conveyed the bars of gold to Cambridge Villas, where I then lived. Fanny Kay was at home when we arrived. The bags were first put into the parlour, but were afterwards removed to a trunk in my bed-room. Pierce took back the horse and cart, and I saw no more of him that day. A day or two later Pierce came to my house and cut off 100 ounces of gold from one of the bars, and sold it for £3 per ounce. I had the proceeds of that, namely, £300. We then determined to make a furnace, and melt the gold. This was done in my first floor back-room. We took out some of the stones of the floor for the purpose, and replaced them with fire-bricks. The brick now produced is one of them, and on it small particles of gold can now be detected, from the running over of the melting-pot. The melted gold was poured into an ingot prepared to receive it. In removing one of the crucibles from the fire I met with an accident. The crucible broke, and the gold was scattered about the floor, which was burnt. While we were thus occupied, Fanny Kay on one occasion complained of the great heat, and asked what we were about. I told her never to mind, as we were engaged about our own business. Pierce stayed all day and took his meals with me, but he went home to sleep. When we had melted the gold, and run it into ingots, I began to sell it. I first sold 200 ounces to a man named Saward. I had known him for some years. When I first knew him he had chambers at No. 4, Inner Court, Temple. He was a barrister, I understood; indeed, I

have seen him pleading in Westminster Hall as a barrister. I first saw him about this business at a public-house near Ball's Pond. He gave £3 2*s*. 6*d*. an ounce for the gold, and I gave him 6*d*. or 1*s*. per ounce commission. After the 200 ounces I sold him another parcel of 500 ounces. About this time I had a quarrel with Fanny Kay, in consequence of which I left her, and took lodgings at Kilburn. I went there under the name of Adams. We had previously removed all the gold to Pierce's, who also went to live at Kilburn. I lived with him a short time there, and afterwards I took lodgings at Stanley Grove, Paddington Green. While I was at Pierce's for a short time, Burgess and Tester came up, and we divided the proceeds of the robbery as far as they had been realized. Pierce, Tester, and I had £600 each, and Burgess had £700. The money divided was in notes, which had been obtained by Pierce in exchange for the gold which I received from Saward. My notes were in a trunk at my lodgings at Stanley Grove, Paddington Green, where I was arrested. The rest of the gold, which was unsold, was buried by Pierce in a hole which he dug in his pantry, under the front steps of his house. When the robbery took place I had in my possession seven Spanish bonds for £100 each, which I had bought through Mr. Young, the stockbroker, five of which I sold to Tester on the night of the division at £48 per £100. On the morning I was arrested I had been with Pierce to Shepherd's Bush to fetch my child thence. After that I went to keep an appointment with a man named Humphreys, and it was then that I was arrested on the charge on which I was convicted. I have never seen Pierce again till he was arrested, but I made arrangements with him, through Mr. Wontner, the solicitor, as to the investment of £3000 which I had in the funds for the benefit of my child and its mother. Mr. Wontner had the money, and handed it over to Pierce's wife.

Cross-examined by Mr. Serjeant PARRY (for Pierce).—I am now forty-one years of age, and the only employment I have ever been in was that of Mr. Davis, of Chiswell Street. That is about fourteen years ago, or it may be twenty—I won't swear which. I don't know that there was ever any robbery there while I was in his employment. Since then I have got my living by speculating and various things. I have been in the United States, where I speculated a good deal. It was perhaps about five years after I left Mr. Davis that I first went to the United States, but I won't be sure as to the time. During that five years I lived how I could; by what I could get. In fact, I decline to say how I lived.

Mr. Serjeant PARRY.—Were you not engaged in forgery?

Witness.—No. I never was engaged in a forgery in my life.

Mr. Serjeant PARRY.—What was it?

Witness.—I decline to say.

Mr. Baron MARTIN.—I don't see why you should not answer the ques-

tion. You can't put yourself in a worse position than you are now, except you did something which would render you liable to be hanged.

Mr. Serjeant PARRY.—Did you do anything during that time which would render you amenable to punishment?

Witness.—I decline to answer any question as to what I did.

Mr. Serjeant PARRY.—Were you not engaged in crime? Did you not commit robberies while you were in America?

Witness.—No. Neither did I pass forged cheques there nor elsewhere. I did not know Saward at the time you have mentioned, nor have I ever been concerned with him in the way of cheques. I have discounted bills for him. He was generally called "Barrister Saward." I was never accused of forgery, nor did I ever commit a forgery. I am entirely innocent of the charge for which I am now suffering punishment. I have received the proceeds of several forgeries. The £3000 in the funds had been there for some time. The £600 which I got from this robbery your client Pierce had along with my other things. It was in my trunk at my lodgings when I was arrested. The charge I was convicted of was uttering a forged cheque for £700. I was caught with a bag of farthings in my possession, running away. I don't know that Pierce was ever a betting man; indeed, I never knew him have any money to bet with. The robbery was perpetrated while the carriages were in motion.

Cross-examined by Mr. Serjeant BALLANTINE (for Tester).—It is not because I am afraid of the consequences that I decline to answer Mr. Serjeant Parry's question as to how I got my living, but simply because I do not choose to be obliged to tell. I am not afraid of a prosecution. I have known Tester between three and four years. I saw him at Margate about this business, and I saw him also at Folkestone. The division was about two months after the robbery. Tester offered to buy the Spanish bonds from me. He asked me what was the best way of investing his money, and I told him I had some Spanish bonds which were paying 7 per cent., which I would sell him for what I had given for them. The other bonds were in my trunk when I was arrested, and Pierce got them. The only evidence against me when I was convicted was a man who called himself my accomplice, but his story was all lies. You were my counsel at the time, and you told him so. Mr. Mullens also stated that he saw me outside the Bank, when, in fact, I was at Shepherd's Bush at the time. I travelled a good deal up and down the line. I represented myself as a commercial traveller, but Tester knew I was a thief. I was introduced to him as such.

Cross-examined by Mr. POLAND (for Burgess).—I have gone by three or four names in my time, but Agar is my real name. I told the story of this robbery down at Portland first. It was to Mr. Rees. I never told that Burgess had nothing to do with this robbery, nor have I ever said so to any one. I had made false keys before. I made some for Pierce to

commit the robbery on the South-Eastern station with. I did not see Burgess between the robbery and the division.

Re-examined by Mr. BODKIN.—It is not because I am afraid of a prosecution that I refused to answer as to my mode of living. While I was at Mr. Davis's I saved about £50, and on this I lived and by pawning my clothes till I went to the United States. I had a cousin who was a boot-closer, and I assisted him. Then I went to the United States, where I made money by speculating. While I was at Kilburn I was living with a woman named Emily Campbell. She had lived formerly with Humphreys, and it was out of revenge that he got me arrested. I had lent him £230, and was going that afternoon by appointment to receive it back. He lived a door or two from the corner of Bedford Row, and just as I got to the corner, I met a man who said to me, "Bill has sent me to tell you not to come in. There's a screw loose." He pulled out a bag at the same time, which he said contained £200. Just then I saw somebody coming behind us, and the man (who called himself Smith) said, "You'd better run," and I did so; and he immediately called, "Stop thief!" I stopped, and the police-officers took me into custody. I gave up the bag, which was found to be full of farthings, but Smith pretended to know nothing of it. That is all I had to do with the charge on which I was convicted.

By Mr. Baron MARTIN.—It was about two or three years after I left Mr. Davis, that I first began to live by crime, and I have been more or less engaged in the commission of crime ever since.

To Mr. Serjeant PARRY (through the Judge).—I have never boasted that I did the robbery single-handed, and then went over to Boulogne. Mr. Rees was the first person to whom I ever mentioned the share I had had in the robbery, and I have never told any one at Portland that I had anything to do with it. I had heard that Pierce had sent back my child to its mother, Fanny Kay, and that she was in a state of great destitution.

James Sellings, bullion porter at the Spread Eagle, Gracechurch Street, proved the delivery of the bullion boxes at the railway station on the night of the robbery.

Mr. John Chaplin, the carrier, also gave evidence to the same effect. In answer to Mr. Serjeant BALLANTINE, this witness said that no one at the railway station would know that bullion was being sent over to Boulogne that night until he arrived there with it.

Edgar Cox, a clerk in the office of Mr. Wetherall, the then station-master at the London Bridge station, examined by Mr. BODKIN, said—I received the boxes of bullion from Mr. Chaplain on the night of the robbery, and took their weights before they were put into the train. Tester was in Mr. Brown's, the superintendent's office, but I don't know that he would have any means of ascertaining when bullion was going down.

Cross-examined by Mr. GIFFARD.—When the bullion boxes went down,

they were generally put outside the superintendent's office, with the time of the train by which they were going marked in chalk.

Mr. Abell, examined by Mr. MONK.—I am a bullion merchant. On the 15th of May, 1855, I despatched a parcel of gold by the South-Eastern Railway, weighing 2125½ ounces, which was part of the gold stolen.

To Mr. Serjeant PARRY.—The railway company resisted my claim against them until December, 1855, on the ground that the robbery had been committed in France.

John Bailey, porter at the London Bridge station, examined by Mr. MONK.—I carried the boxes of bullion into the van on the night in question. I put them into the iron chest, and Mr. Wetherall locked it.

John Kennedy, examined by Mr. BODKIN, said—I am a guard in the employ of the South-Eastern Railway. I was under guard to Burgess on the night of the 15th of May by the 8·30 train. Shortly before the train started, Burgess asked me to look round the train to see that all was right, as he was going away for a little while. I have seen Agar and Burgess together several times; once at a public-house near the station, and two or three times on the platform, generally about 8 o'clock, just before the 8·30 train started.

Cross-examined by Mr. Serjeant PARRY.—I went down with the 8·30 train that night, but never saw Burgess from the time the train started till we got to Dover.

Cross-examined by Mr. GIFFARD.—It was not my duty to go to Burgess, save in the course of the journey, nor was it my practice.

Richard Hart, porter at Folkestone, examined by Mr. MONK.—On the night of the robbery I assisted to take the bullion chests out of the 10·30 train, and to take them down to the harbour, where I delivered them to Spicer, the watchman. Burgess was present.

John Spicer, a night watchman at Folkestone, examined by Mr. BODKIN.—I received the chests at the harbour from the last witness, and kept watch over them till morning.

Robert Mackay, telegraph clerk at Folkestone.—I was up all night at the station, and the chests I know were never moved.

James M'Knight, a police-officer in the employ of the company, said—I relieved Spicer in charge of the bullion chests on the morning of the 16th of May, 1855, and did not lose sight of them until they were placed on board of the boat.

James Golder, mate of the Lord Warden steamer.—I remember the bullion chests coming on board on the 16th of May, 1855. They were placed on deck, and I had my eye on them the whole time. When the chests were opened at Boulogne, I noticed that one of the boxes was damaged at the sides. There was a hole that I could have put my finger in.

Jacques Feron, examined by Mr. Bodkin (through an interpreter).—I am a porter in the employ of the Customs at Boulogne. On the arrival of the Folkestone boat on the morning of the 16th of May, 1855, I assisted to land the bullion boxes. I took one of the boxes out of the iron chest myself, and I noticed that it was open at the sides, so that I could have put in my finger. I noticed through the opening that there was a little bag moving about inside. The boxes were placed on the quay, and they were never out of my sight till they were taken to the railway.

James Major, examined by Mr. Serjeant Shee.—I am agent of the Messageries Imperiales at Boulogne. I took charge of the bullion boxes on their arrival. I saw them weighed at the Custom House, and then I had them taken to my office, where they remained until they were taken to the railway. I weighed them myself before they went from my office. I was in Paris when one of the boxes was opened. It was full of lead and shot. I had it weighed first, and it corresponded almost exactly with the weight which I had taken at Boulogne.

Mrs. Hooker, examined by Mr. Serjeant Shee.—I live at Folkestone, between the upper and lower stations. In the month of May, a man who called himself Adams took lodgings at my house for himself and another man. Agar is the man who went by the name of Adams. I saw him at the Mansion House, and recognized him. The man who was with him at my house is Pierce, whom I see now, and recognize in the dock.

Mr. Ledger, Custom House agent at Folkestone, examined by Mr. Bodkin.—I remember seeing Agar at Folkestone several times during the year 1854. I have seen him at the Rose Inn, kept by Mr. Meadows, and on one occasion he supped with myself and another person there. I saw him at Folkestone in the spring and in the autumn. I had a key of the bullion chest, which I sometimes kept in my desk or in a cupboard which was behind me as I sat at my desk, but generally in my pocket. I generally used to go down to meet the boats when they came in, but I left other persons in the office. Sometimes, however, I have known the office to be left empty—perhaps a dozen times.

Mr. Chapman, examined by Mr. Serjeant Shee.—I was in the employ of the South-Eastern Railway Company at Folkestone in the years 1854 and 1855. In the spring of 1854 I remember seeing Agar at Folkestone, and again in the autumn. He came to me and inquired whether a parcel had arrived for him. Shortly afterwards a parcel did, directed to him, and I gave it to him out of the iron safe when he came for it. He signed a receipt for it in the way-bill, for he said he could not write a receipt in full, as his finger was wounded. He had it bound up in a black silk stall. If he had chosen he could see where I took the key of the safe from.

After the examination of this witness the Court adjourned, the jury

being conducted to the London Coffee House, under the charge of the proper officers of the Court.

CENTRAL CRIMINAL COURT, *January* 14.

The trial of the prisoners Pierce, Burgess, and Tester, charged with committing the extensive bullion robbery upon the South-Eastern Railway in May, 1855, was resumed before Mr. Baron Martin and Mr. Justice Willes, at ten o'clock. The demeanour of the prisoners was the same as on the previous day, Tester, the youngest of the three, seeming to be more concerned about his fate than his older accomplices. The communication between the accused and their legal advisers was also kept up during the day, the prisoner Burgess, however, taking by far the greatest number of notes, and handing them to his counsel.

The first witness called was M. Everard, who, in answer to questions from Mr. MONK, stated—I am a member of the firm of Everard and Co., of Paris. I received a bullion box from Messrs. Abell and Co., on the 17th of May last. I saw the box opened. It contained nothing but a quantity of shot and some shavings.

Thomas Sharman, examined.—I keep the Torrington Arms, at Mereworth, Kent. I was booking-clerk at Folkestone in May, 1855. I saw Agar at Folkestone in October, 1854. I know Ledger, and recollect when he was married. His marriage took place about the period when I saw Agar. I saw Tester—a clerk on the line—with Agar. They were walking about the pier. I was on speaking terms with them. I went in their company to the Pavilion Hotel, and had some refreshment. A friend of mine, named Grimstead, was also there with us.

Cross-examined by Mr. Serjeant BALLANTINE.—I don't know when Tester was married. Don't recollect whether Tester introduced Agar to me. Hazel had told me that Agar was a suspicious person before I went to the Pavilion with them. I went with Tester, whom believed to be respectable, and I afterwards remarked to Hazel that I thought he had been misinformed regarding Agar.

Mr. G. D. Hazel, examined.—I am inspector of police to the South-Eastern Railway at Redhill. In October, 1854, I held the corresponding situation at Folkestone. I saw Pierce and Agar at Folkestone harbour in May, 1854. They were looking at the boat which ran in connection with the tidal train. They remained at the pier about a quarter of an hour, and then went away towards the town. I had a reason for watching Pierce at that time. Saw them both about ten or twelve times after this at the arrival and departure of the boats. I made a communication to Mr. Steer, superintendent of the town police of Folkestone. In October, 1854, I saw Agar loitering about the booking-office for about ten minutes.

He was watching the proceedings of the clerk, Sharman, who was making up his money. I saw Agar talking to Tester by the pier on the following day. The boat was then getting ready. They afterwards walked towards the Pavilion Hotel. Tester went up to London the same night.

Cross-examined by Mr. Serjeant BALLANTINE.—Cannot tell whether Tester was married before or after the robbery. He held his situation in the employment of the company some time after the robbery. He left it for better employment, and subsequently he surrendered to take his trial. I cautioned Sharman against Agar, whose appearance I did not like. I did not say anything about him to Tester, who seemed to know him well.

James Steer, superintendent of police at Folkestone, deposed—I was at Folkestone in May, 1854. I saw Pierce half-way between that town and Hythe, in company with a man named Adams. In consequence of something that had been said to me I noticed them. They were at Folkestone in the spring for about a fortnight, and walked a good deal on the pier. When they saw that I observed them, they separated and walked away. In October, I again saw Agar, near the Pavilion Hotel. On one occasion I saw Burgess with Agar near Folkestone harbour.

Henry Williams, booking-clerk to the South-Eastern Railway Company, examined.—I was formerly a night porter and watchman at Dover. I was on duty when the 8 o'clock mail arrived at Dover on the 15th of May, 1855. Burgess and Kennedy were the guards of that train. I did not notice the passengers who came down with it. I attended the departure of the 2 A.M. up train the next morning. Saw two passengers who travelled first-class by it. They carried bags with them. I noticed them pass through the office while Burgess, Kennedy, and I were standing there together. A porter asked to carry their bags for them. One of the two men was taller than the other; the one was of light complexion and the other dark. I issued two tickets only for that train, but not to the two passengers I have described, who did not apply for any tickets.

Joseph Witherden.—I am a porter in the employ of the South-Eastern Railway Company, at Dover. Was on duty on the night of the 15th of May. Before the 2 A.M. train went up, two men, carrying carpet-bags, and wearing short cloaks, came on to the platform without taking tickets. The bags they had appeared to be heavy, from the way in which they carried them. Spoke to them about their tickets. They produced two Ostend return tickets. I asked whether their luggage had passed the Custom House. They replied, "No; it came over the previous night." One of them gave me some money; I don't know which of the two it was who did so.

Mr. Werter Clark, examined.—I keep an inn called the Rose, near St. Mary's Church, at Dover. Two men, one of whom was tall and dark, and the other short and fair, came to my house one evening in the early part of

1855, and had some refreshment. They stayed at my house all night, and went away next morning. They asked the way to Folkestone, and I directed them to the road thither by the cliffs.

Robert Clark.—I am a waiter at the Dover Castle Hotel, Dover. Two men came to that house one night shortly after the date of the arrival of the French Emperor. One of them was considerably shorter than the other. The complexion of the short man was fair; the tall one was dark. They asked for some brandy-and-water, which they wished to be put into a soda-water bottle. I got it for them. They left the hotel late the same night, carrying their own luggage. They said they were going by the 2 A.M. train.

W. Dickinson, policeman at the company's terminus, London Bridge, deposed—I recollect the 2 A.M. train arriving from Dover on the morning of the 16th of May, 1855, about 4 o'clock; only about four passengers came by it. Two men came out of a carriage that I opened. One of them was taller and of darker complexion than the other. The man who first left the carriage had a bag with him, and wore a loose cape. I did not notice the dress of the other man. I offered to get a cab for them. They declined my offer. An officer is always stationed at the door of the station to take down the numbers of the cabs as they go out, and their destinations.

William Woodhouse, another railway porter at the time of the robbery, deposed that there was no luggage in the van of the up early train on the morning of the 16th of May.

Stephen Jones stated—I am a guard in the service of the South-Eastern Railway Company. In May, 1855, I was guard of the 7·30 P.M. train from Dover. We were due at Redhill at 9·25. The 8 P.M. train from London was due there also at 9·4. Tester came up by my train. Saw him come out of the refreshment-room at Redhill before he got into the train. He had with him a black leather bag, of from 12 to 15 inches in length. He entered a first-class carriage. The train did not stop till it reached London. Did not see Tester again that night. I saw Pierce and another man on the pier at Folkestone antecedent to the robbery. I had also seen Burgess, Pierce, and other persons at a public-house in Tooley Street. I was guard of the 7·30 P.M. up train in April, as well as in May.

Cross-examined by Mr. Serjeant BALLANTINE.—The guards don't often have charge of the same trains for more than one month; but there are some exceptions to this rule, such as when the service is special. Can't swear whether or not I mentioned anything about Tester having a black bag before I heard that Agar charged Tester with being an accomplice in the robbery. Swear that I saw Tester with the black bag at Redhill in May. In the June following the robbery I was examined by the company on the subject, but I did not then mention anything about this black bag.

I was not questioned on that point. I see nothing unusual in Tester's having the black bag with him.

Cross-examined by Mr. RIBTON.—Never saw Pierce while he (Pierce) was in the service of the company. Pierce left the company's employ before I was engaged on the line.

Frederick Russell, examined.—I am booking-clerk at the London station of the Greenwich Railway. I know Tester, and recollect his coming to the office, about 10·10, one evening in May, 1855. He told me he had come up from Reigate by the Dover line, and had been there and back since office hours. Tester then lived at Lewisham, and so did I. The last Greenwich down train left at half-past 10 o'clock. Tester asked me if I was going down to Greenwich. He had a black leather bag with him, which he set down in the booking-office, and then went out for a little time. The bag looked new, and about 15 inches long. While Tester was out, Perry, the night-porter, came in and looked at the bag, remarking that it was heavy. Tester returned, took up his bag, and went into a carriage. I travelled in the same carriage with Tester that night. He was not in the habit of going down by the half-past 10 P.M. Greenwich train.

Cross-examined by Mr. Serjeant BALLANTINE.—The bag was a shiny black leather one. Tester was away for about seven or eight minutes, during which time the bag was left in a corner by the fire-place of my office. Tester was married about two months before the robbery.

John Perry, night-watchman at the London and Greenwich terminus, deposed—I know Tester. Remember seeing him in May, 1855. He was then entering the Greenwich booking-office. This was shortly after 10 o'clock P.M., and the last train was to leave London at 10·20. In shifting the position of some luggage in the office, I took up a black bag, and observed to Mr. Russell that it felt heavy and "lumpy," just as though a stone was in it. Mr. Russell said that it was Tester's bag.

Cross-examined by Mr. Serjeant BALLANTINE.—The bag produced is like the one in question. It might have been a little larger. When we read Agar's evidence the circumstances connected with the bag recurred to our memory.

Mr. Chubb, the eminent locksmith, was next examined. He stated—I belong to the firm of Chubb and Son. We made four bullion chests for the South-Eastern Railway Company several years ago. There were two locks to each safe. The superintendent of the company applied to us to make several alterations in the locks of the chests between the months of June or July and September or October, 1854. The orders for these alterations were given by letters written in the handwriting of Tester, and signed by Mr. Brown. The correspondence now produced is that which our firm received from the company on the subject. The No. 1 locks of

two chests were altered, and the keys from time to time returned to the superintendent's office. When I first heard of the committal of the robbery I communicated with the railway company on the subject. I subsequently inspected the chests. The whole of the No. 2 locks were so corroded that the keys would not open them. They appeared to have been in that state for some time, and to have become so for want of use.

Mr. J. P. Knight, examined.—I succeeded Mr. Brown as out-door superintendent of the South-Eastern Railway. In 1855 I was Mr. Brown's deputy. Tester was a clerk in the superintendent's office. He left that situation in September, 1855. In April and May, 1855, Tester had to regulate the *rota* of the guards' duty. The paper produced gives the names of Burgess and Kennedy as the April guards. The words "and May" are added after the names in Tester's handwriting. Tester gave as a reason for making this alteration, that it was not an unusual thing; and I did not think it necessary to interfere further. I recollect no occasion on which Tester's presence was required at Folkestone on the company's service, except in September, 1854.

Cross-examined by Mr. Serjeant BALLANTINE.—In one or two instances during the year the guards were continued on the same train beyond their prescribed month. I was present when Tester altered the list.

Cross-examined by Mr. GIFFARD.—Kennedy's name appears in the list of guards of the mail for March, so that Kennedy acted for the same train for the three consecutive months of March, April, and May.

John Matthews deposed—I assist in the business of Mr. Massey, goldsmith, St. Mary Axe, Leadenhall Street. On the 16th of May, 1856, I bought 210 American gold coins. I gave the sum of £213 10*s.* in gold for them. The man who brought them asked to be paid in gold. Did not know the man, and could not now identify him. I had not sufficient money in the shop to pay him with, and I therefore went out and sold the gold in the trade. I got bank-notes for it, which I went and cashed. The man stayed in the shop until I returned. I was absent about half-an-hour.

Rudolf Prommel examined.—I am a money-changer in the Haymarket. On the 16th of May I bought 200 American eagles, for which I gave £203 6*s.* 8*d.* in a cheque on the Union Bank, payable at 4, Pall Mall East. This is the entry of the transaction which appears in my book. I recollect nothing more about it beyond the particulars I have stated. I cannot recall the personal appearance of the man who brought the coins to me.

The cashing of the cheque at the Union Bank was proved by Mr. Alexander White, a clerk in that establishment, who deposed that he gave English sovereigns in exchange for it.

Mary Ann Porter, of Harleyford Road, Vauxhall, examined by Mr. BODKIN, proved that she had seen Agar at the Mansion House, and that

she recognized him as Adams, he having taken apartments from her in that name in October, 1854. He had a woman with him at that time (Fanny Kay), who passed as Mrs. Adams. She also knew the prisoner Pierce under the name of Peckham. He frequently visited Agar at her house, and remained often for half-a-day at a time, or longer. Agar and the woman lodged with witness about seven weeks, and removed a week before Christmas. Pierce assisted them to remove.

John Honner, hairdresser, of Lambeth Walk, deposed, in answer to Mr. MONK, that he knew the prisoner Pierce, and had known him for four or five years. Witness dressed a wig for him when he lived in Walnut-tree Walk, about a month or five weeks before Pierce left that place.

In cross-examination by Mr. PARRY the witness stated that he dressed the wig in question about the end of 1854. He had not dressed many wigs since.

Fanny Poland Kay was then called and examined by Mr. Serjeant SHEE. —She deposed as follows:—Before I became acquainted with Agar, and some years ago, I was an attendant at the Tunbridge Station on the South-Eastern Railway. I was first introduced to Agar in 1853 by the prisoner Burgess. Some time after that introduction I became intimately acquainted with Agar, and had a child by him. In December, 1854, I went to live with him at Cambridge Villas, Shepherd's Bush. Before that time I had seen Pierce in company with Agar at Harleyford Road, where we lived under the name of Adams, and at the Green Man, in Tooley Street. I have seen them very often together, and I should say that they were well acquainted with each other. I had not seen Burgess in company with Agar between the time that he introduced me to him and our going to live at Shepherd's Bush. Pierce I knew by the name of Peckham. I remember my child going to be weaned. He left me for that purpose on the 7th of May, 1855. Charlotte Painter was at that time in our service. A fortnight after the child had been taken to be weaned I went on a Sunday to see it. I remember the death of Mrs. Bessell, our next door neighbour, on the 18th of May, 1855, and I went to see my child after that occurrence. For a few days both after and before that event Agar was absent from home all night. He was so on the Tuesday or Wednesday night before Mrs. Bessell's death. When next I saw him he came in the afternoon in a cart with Pierce, and they then had two bags with them, which they carried into the washhouse. After that Pierce came regularly almost every day, and they usually went then up to the first floor back room. I looked into that room upon one occasion when they were there together, and I saw that they had got the stove out, and that there was a very bright fire. I opened the door, but was not allowed to go in. They both ran to the door as soon as I opened it, and closed it so as to prevent my entrance. Previous to that they had been a good deal in the washhouse together,

sometimes spending the whole of the morning there. I do not know what they were doing there, but I often heard them hammering. They had shooting-bags with them made of drab leather, and one black bag. When they were up-stairs in the back room, although I saw nothing, I constantly heard a noise, such as proceeds from a furnace; it was like the roaring of a large fire. It continued for several days. After that I saw what appeared to me to be square pieces of stone brought down stairs by Pierce and taken away. When they were working in this way they came down regularly to their meals, and appeared always very hot and dirty. I asked them what they were doing, and they said, "Leather-apron weaving." They never gave me any other answer. I went into the room after their operations had ceased, and I saw that the stove had been replaced and blackleaded. I also noticed that the floor was burnt in two places. About the time that the child was weaned I never saw Agar or Pierce in any peculiar dress. They wore shortish cloaks, or capes of a rather fashionable cut, which they had made for them about two months before the child was weaned. I never saw Pierce disguised, or wearing any other hair than his own to my knowledge, although I have known him to have more hair about his face than he has at present. Soon after we removed to Cambridge Villas Pierce left me and went to Kilburn, but I did not know where he had gone. He came to see me, however, before he was arrested, and at that time the child was at Rotherhithe with a cousin of Agar's. From that time until his arrest I did not see him for a considerable period. I went, after his arrest, to live in lodgings in St. George's Road, and Pierce provided for me up to January. He was to have allowed me £1 a-week, but he did not. He gave me something, but I cannot say how much. I went to live in his house in January, and remained there till April, 1856, when I left in consequence of words with him. At that time there were two trunks of Agar's at Pierce's house. They contained Agar's clothes and tools. I do not know that they contained anything else except his watch, a ring, and some shirt studs. I did not know of any notes or money being there. The first time that I ever saw any considerable amount of money in Pierce's possession was before I went to live at his house. I then saw him with a large bag of sovereigns. Some time previously to that Pierce told me that he had asked Agar to lend him a sovereign, and that he would not, and he added that sometimes he could get money out of Agar, and sometimes he could not. Once in 1854 Pierce asked me to lend him a shilling. Previous to the committal of this robbery Agar used to sell his old clothes to Pierce. At least I suppose he sold them, for I have heard them bargaining about them, and Pierce used to take them away. After I left Pierce's house in April I fell into distress, and had no means of support.

Mr. Serjeant PARRY objected that this was not evidence.

Mr. Serjeant SHEE said that his next question would be whether

in consequence of that she made a statement to the Governor of Newgate.

Mr. Baron MARTIN.—I don't think that is evidence.

Examination continued.—I asked Pierce for money frequently afterwards, but he refused to give it me. After that I saw Mr. Weatherhead, the Governor of Newgate, and I made a communication to him. I likewise saw Mr. Rees, the solicitor to the railway company, and I made a communication to him also.

Cross-examined by Mr. Serjeant PARRY, on behalf of Pierce.—I am twenty-five years of age. I left the Tunbridge station in 1852. I was dismissed from that situation. It was not for anything at all dishonest. Yes, I am quite sure of that. I then went to my own home, at least to my mother's, in London. I have not lived with other men besides Agar. I will swear that. I know a person named Tress. I don't consider that my conduct has been improper with him. I knew a person named Hart, for six months probably. I did not live with him, nor was I constantly in his company. He used to come up to town occasionally, but did not stay with me. He has given me money—sometimes a sovereign, sometimes two sovereigns at a time. No, never 10*s.* or 5*s.*, and not for any improper purpose. He is about thirty years of age, perhaps. Mr. Tress has also given me money. He gave me £5 once. Neither he nor Mr. Hart is in any degree related to me. I had a very comfortable situation at Tunbridge, and my remuneration was £12 a-year, and board and lodging. I was not dismissed in consequence of any improprieties with men. I did not speak to Hart till after I left Tunbridge. Yes, I knew Bill Barber, too. He was an under-guard on the line. He never gave me any money. I will swear that. I stayed at my mother's till the month of November, I think, having gone there in April. I then went to Johnson Street, Somer's Town, and I then worked for Messrs. Crosse and Blackwell, of Soho Square. Hart came to see me at my mother's, but I do not mean to say that he ever gave me a sovereign, or a couple of sovereigns, in my mother's presence. Certainly not; he never saw my mother at all. I was acquainted with Agar at the time that I was living at Johnson Street. I knew him by the name of Adams, and not by any other name. Agar left me twice. He did not say that he left me in consequence of my drunken habits. I was not "in the habit" of getting intoxicated. I will swear I was not. I knew Agar's real name at the time of the christening of my child, which is rather more than two years ago; but I did not know it when I was in Johnson Street. I know a person named Hodges. He used to give me money too—a sovereign at a time—never less; never half-a-sovereign. When I was at Pierce's I was out all night upon two occasions. I never was taken home drunk to Pierce's, and did not quarrel with him on account of my drunken habits. No; I quarrelled with him in

consequence of a letter which I received from Agar, and I then left his house.

Will you swear that you were never taken home drunk to Pierce's?—No, I will not swear it, but I don't remember it.

When you were living at Shepherd's Bush, were you ever taken home drunk in a wheelbarrow?

Witness (smiling).—If I was, I don't recollect it.

Might it have happened?—Yes—once.

More than once?—No, I will swear that it might not have happened more than once.

Examination continued.—I have not been down to Portland Island, where Agar was confined. I have been supported by the railway company since the first disclosures which I made relative to the robbery. They don't allow me anything. I get my food and lodging, but not my clothes, I have been supported in this way by the company since last October, probably, but I don't know exactly how long. I know that Pierce was what is called a betting and sporting man, but I have not seen money in his possession which he has stated had been won at races. I never saw him with a betting-book, or making-up books of any kind. I will not undertake to swear that I did not receive, in all, from Pierce as much as £80, but I don't think it was so much. I will swear that it did not amount to £100. Mrs. Pierce has not complained of my drunken habits. She has told me that it was "a pity that I should do so," but she said it merely in a friendly way. She never had occasion to complain of me while I was in her house.

Cross-examined by Mr. GIFFARD (for Burgess).—From the time that I was introduced to Agar by Burgess I never but once, I think, saw Burgess in his company, although I lived with Agar for two years. I did not know Emily Campbell, and did not know that Agar was living with her until after he was arrested.

Re-examined by Mr. Serjeant SHEE.—You have been asked a good deal about money given you by different gentlemen, have you any objection to say why it was given you? (No answer.) Was it for any improper purpose?—No, it was not.

Re-examination continued.—Mr. Hart made honourable proposals to me after I left Tunbridge, and he gave me money at that time, and also after my mother's death. I quarrelled with Pierce in consequence of a letter which I received from Agar, and he said that Agar never had any money. I never heard of a sum of £3000 Consols given by Agar to Pierce to be settled on me. Pierce always said that Agar never had any money. The letter which caused us to quarrel was written from Pentonville by Agar on the 2nd of April, and in it he asked me to purchase a silver cup for my child and one for Pierce's child, and told me to do several other things,

which I could not do because I had no money. Among other things he wanted a "Geography" sent him. Agar said in the letter that "William," meaning Pierce, was to give me the money, and I told Pierce so and his wife too. They refused to let me have it, and I left them. Since this case has been under investigation I have been living in the house of Mr. Thornton, the inspector of police.

Mr. Baron MARTIN.—What has become of that £3000 Consols? I should like to hear something about that.

Mr. Serjeant PARRY.—It is in the hands of the railway company. They have got it.

Mr. BODKIN.—No such thing. My friend is entirely misinformed.

Mr. Baron MARTIN.—If these Consols were Agar's own, and were made over to Kay before his conviction, the railway company can have no earthly claim to them, any more than I have.

Mr. Serjeant PARRY.—A complete explanation of the whole affair can be given by Mr. Wontner, the solicitor, and he is ready at this moment to give it. I hope, however, that my friends will regard him as a witness called for the prosecution.

Mr. Serjeant SHEE, however, declined to do so.

Mr. Serjeant PARRY.—Then I shall not call a witness to prove that which I think is perfectly irrelevant to this trial.

Mr. Baron MARTIN.—No doubt it is not relevant to this inquiry, but what occurs to my mind is that Consols to the amount of £3000 were transferred by Agar to some one for the use of this woman, and that she has never seen the money. I should like to hear something about it.

Mr. Serjeant SHEE said that, under those circumstances, he would not reply upon Mr. Wontner's evidence if he were called.

Mr. Wontner, however, without being called by either side, said that he wished to explain the matter.

Mr. Baron MARTIN.—I think it quite right that you should do so.

Mr. Wontner offered to be sworn, but

The learned JUDGE said that that was quite unnecessary. Mr. Wontner's word was amply sufficient.

Mr. Wontner then said—Previous to Agar's conviction he had £3000 Consols, which had been standing in his name for a long time, and he authorized a stockbroker to sell it out. That was done accordingly, and the amount realized was about £2700. A number of payments were made out of that sum by Agar's authority, and he directed me to hand over the balance—£2500—to Pierce to invest for Kay and her child (as was understood). He gave me a written order to that effect, and that order I executed. I subsequently asked Pierce if he had invested the money, and he told me that he had invested it in Turkish bonds. I have since taken the trouble to trace out the notes which were handed over to Pierce, and

I find that they correspond with the notes paid in the transaction of the Turkish bonds.

Mr. Baron MARTIN said that the explanation was perfectly satisfactory, so far as Mr. Wontner was concerned.

At the request of Mr. Serjeant BALLANTINE (for Tester) Agar was recalled, and he stated, in answer to questions, that Pierce told him that he had heard from Tester that the key of the safe had been lost on board the Folkestone packet. To the best of his belief witness was not on board the packet the night the key was lost.

Charlotte Painter was next called and examined. She deposed that she was in the service of Agar and Kay for about a month in the Harleyford Road, and that she went with them when they went to Cambridge Villas. She confirmed the evidence as to the intimacy between Pierce and Agar, and as to their proceedings in the washhouse, and in the first-floor back room in the house at Cambridge Villas. On one occasion, when Agar and Pierce were in the washhouse together, she knocked at the door and tried to get admission, but they kept the door fastened and said that she could not go in. She had, however, when she had gone into the washhouse at other times, and when they were not present, seen a vice fixed there, and she had seen a drab-coloured leather bag there, like the one produced. It had a long strap to it. In the room up-stairs there was a common stove in the grate, which was there as long as she remained. She had also seen white boxes in the washhouse, which she had pushed along in order to sweep under them, and they appeared to be heavy.

Cross-examined by Mr. Serjeant PARRY.—I never saw Pierce doing carpentering work or anything of that sort. He helped to remove the furniture from Harleyford Road to Cambridge Villas.

Mary Ann Wild, servant to Mr. Bessell at the time of Mrs. Bessell's death, deposed that she slept in the back room up-stairs, and that from the window of her room she could see the window of the washhouse next door, where Mr. and Mrs. Adams (Agar and Fanny Kay) lived. She often heard hammering noises there; and upon one occasion she saw another man go into the washhouse with Mr. Adams.

Zaccheus Long, of No. 5, Crown Terrace, Hampstead Road, deposed that in December, 1854, Pierce rented the house No. 4, Crown Terrace, from him, and remained there six months, when he went to live at No. 3.

John Carter, beer retailer, of Camden Town, proved that Pierce rented No. 3, Crown Terrace, from him in June, 1855, and that he remained there a month.

John Wood, cab proprietor and driver, badge No. 3016, remembered in the spring of 1855, being hired about seven in the evening, and told to pull up near the corner of Crown Terrace. The man who had called him then left him, and shortly afterwards returned in company with another man.

They had, he believed, one leather and two carpet-bags with them. They told him to drive to the London Bridge station. One of the men was, he should say, four or five inches taller than the other. When he got to the London Bridge Hotel, the shorter man got out, and the other ordered him to go to St. Thomas Street, and to stop near Guy's Hospital. The two men wore mantles. Did not observe anything going on while he was driving the men, but he observed that the "action of the cab" was very different from what it ought to be. The "action" appeared to him as if people were standing up and moving about. The man who left the cab returned in about a quarter or half an hour—he could not say which—and they then ordered him back to where they had started from. When he got near the spot, however, they told him to go to the Mother Shipton, which was about 200 or 300 yards from Crown Terrace. About a week afterwards the same man fetched him off the rank near Chalk Farm—it was the shorter man of the two who called him. Could swear that the shorter man was the same man who had called him before, but could not swear that the taller man was the same on both occasions. He drove them the same round as before, and precisely the same events occurred. Similar transactions occurred upon the third occasion, the men bringing their luggage and cloaks with them as before. Once only witness lifted one of their carpet-bags, and he found that it was heavy—weighing, he should think a quarter of a cwt., or more. He should say that all this took place during the latter end of April, or the beginning of May. The two men did not appear to witness to be equals. The short man, he thought, was valet to the other, and it was the short man who always directed him where to go.

Joseph Carter, cab-driver, residing at Brook Street, Camden Town, proved that he also was hired in the same manner about eighteen months ago by two men. It was some time in the evening. Agar was one of those persons, "and the further gentleman there" (pointing to Pierce) was the other. They had bags with them, and they appeared to him to be heavy. He drove them to St. Thomas Street, where Agar got out and the other man remained. Agar went to the left, towards the railway arch. He was gone about half an hour, and when he returned he said to Pierce, "It's not going down to-night." He then got into the cab, and witness drove them to the Mother Shipton, where they both got out, and went in the direction of Crown Terrace, carrying their bags with them. Witness had frequently seen Agar and Pierce together walking past the rank in King Street, Camden Town. That was witness's usual place of standing, and had been for the last twenty years.

Cross-examined by Mr. PARRY.—Never heard anything about this gold robbery until the Friday before he gave information of what he knew at Scotland Yard. He went once to the Mansion House before he was examined, and the first time that he saw the prisoner Pierce since he drove

him to St. Thomas Street, was in the dock at the Mansion House. He had not read Agar's evidence; neither had he talked about it to any one.

Fanny Kay was recalled, and in answer to Mr. BODKIN, she stated that she remembered Pierce having the lumbago, and being lame during the time that she lived at Cambridge Terrace.

By Mr. Serjeant PARRY.—I have never stated that before, that I know of.

James Clements deposed that in May, June, and July, 1855, he kept a coffee-shop in High Street, Camden Town, and that he remembered two persons going there with a carpet-bag about the middle of May. One man was taller than the other. One went away and remained away some time. He then returned, and the two went away together.

John Allday, a boy, living at Haverstock Hill, proved that he found some shot in Prince's Terrace, which was about a stone's throw from Crown Terrace. The shot was strewed alongside the kerb, and witness picked up about a double handful, and several other boys also picked up some. Did not remember when this was, but it was a good while ago. The shot was of two or three different sizes, and corresponded with that now produced.

Emma May, formerly servant at the Marquis of Granby, at New Cross, deposed that she knew the prisoners Burgess and Pierce, both of whom frequented the house while she lived there. They used to go usually between 11 and 12 o'clock in the morning, and in the evening between 7 and 8. She also knew Agar by sight, and he used often to go there; but witness did not know his name at that time.

Walter Stearn, examined by Mr. Serjeant SHEE.—I keep the White Hart, in St. Thomas Street. Pierce and Burgess were in the habit of frequenting my house for three or four years. I have seen Agar at my house with Pierce and Burgess two or three times. In February last a parcel was given me by my servant, which she said belonged to Burgess; it contained money. He afterwards spoke to me about investing this money, and he gave me £500, in addition to the parcel, which, with his consent, I deposited with Messrs. Reid, the brewers. I received interest from them for it, which I handed over to Burgess.

Sarah Thompson, barmaid to the previous witness, examined by Mr. BODKIN.—In February last I received a parcel containing bank-notes from a man named Lee, which he said belonged to Burgess. I gave it to my master. I afterwards paid Burgess £8 1*s.* 1*d.*, which my master gave me for him, as interest on the money which Mr. Lee had given to me.

Mr. Lee, a stockjobber, examined by Mr. BODKIN.—I know all the prisoners. Pierce and Burgess I have known for eight or nine years, and Tester for about four years. I have seen them together at Stearn's. I purchased £500 Turkish bonds for Burgess at the beginning of last year.

I paid £407 10*s.* for them. I went to his house at New Cross by his directions for the money, and Mrs. Burgess gave it me; £405 was in notes. I paid those notes into Messrs. Hutchinson's. I wrote my name on the back of them. The notes produced are the same notes.

Cross-examined by Mr. Serjeant BALLANTINE.—I never saw Tester at Stearn's.

Cross-examined by Mr. GIFFARD.—I was once in the railway company's employ, and I always understood that Burgess had the reputation of being an honest and faithful servant. Burgess afterwards sold the Turkish bonds, and netted about £50 by them.

Mr. R. H. Bailey, a clerk in the bank-note office of the Bank of England examined by Mr. BODKIN.—On the 28th of May, 1855, six £100 notes were paid out of the Bank to the name of Edgington. They were numbered from 45,420 to 45,425. On the 14th of September, 1856, one of those £100 notes, No. 45,420, was paid in; it had the name of "Tester" written on it, with the address, Jermyn Street, Lewisham. Another note, 45,422, was paid in on the 11th of September, 1855; it had also the name of "Tester" upon it. The note 45,425 was paid in on the 21st of November, 1855. It had the names of "Raffan" and "Fisher" on it.

Cross-examined by Mr. Serjeant BALLANTINE.—The two notes with Tester's name on them were issued on the 9th of January, 1856.

Mr. Knight recalled.—The signature on these two notes is in Tester's handwriting.

George Raffan, a fruiterer, examined by Mr. Serjeant SHEE.—Some time ago Pierce asked me to change a £100 note for him. I wrote my name on it, and took it to a man named Fisher, who gave me small notes for it. On another occasion Pierce got me to go to the Bank of England to get 200 sovereigns for notes which he gave me.

Cross-examined by Mr. Serjeant PARRY.—I was then in Pierce's employment, getting 30*s.* a-week from him. He kept a betting-house and had considerable betting transactions. I have seen him with large sums of money in his possession derived from betting transactions—as much as £200.

Re-examined by Mr. Serjeant SHEE.—It was about spring time, 1855, that I first saw Pierce with so much money. Early in that year I took a pair of boots out of pledge for him.

To Mr. Serjeant PARRY.—I know that Pierce had a book of more than £100 on the St. Ledger the year Saucebox won.

Mr. Smith, cashier to Messrs. Reid, the brewers, proved the receipt of the money from Mr. Stearn.

Mr. Young, a stockbroker, examined by Mr. Serjeant SHEE.—In August and November, 1854, I purchased Spanish bonds for Agar in the name of Adams. There were three bonds, and their numbers were 1658, 1084, and 2675. They were to the amount of £755.

Mr. James Page, examined by Mr. Serjeant SHEE.—I am related to the prisoner Tester by marriage. The Spanish bond produced I held for Tester until very lately, when I gave it up to the solicitor for the prosecution. Tester told me that his possession of it was perfectly legitimate.

Mr. Forrester, a stockbroker, examined by Mr. Serjeant SHEE.—I purchased the bond produced in February, 1856, for Mr. William Tester, the father of the prisoner. I purchased it with the proceeds of other Spanish bonds which Mr. Tester brought us to sell. The bond purports to be for £1020. Its value at 52 per cent. discount would be about £489. I have had various dealings with Mr. Tester, the father, and always looked upon him as a highly respectable man.

Mr. W. C. Furney, a clerk in the Bank of England, proved the payment in May last of six £100 notes, numbered 45,420 to 45,425 inclusive. The name given at the time was Edgington, Duke Street.

Mr. Griffin, also a clerk in the Bank of England, proved the exchange of the £100 note, 45,422, endorsed with the name of Tester, for sovereigns.

Mr. Francis, of the firm of Edgington and Co., Duke Street, was called to show that no person had been sent by their firm to exchange gold for notes to the amount of £600 during the month of May, 1855.

Mr. Lee, recalled, stated that in March last he got a Spanish bond, numbered the same as the one left by Agar in his trunk when arrested, sold for Pierce.

Mr. Cousins, a stockbroker, who sold the bond, also gave evidence to the same effect.

Mr. Rees, solicitor to the South-Eastern Railway Company, examined by Mr. BODKIN.—I am the solicitor for the prosecution, and have conducted the whole of this investigation. In consequence of what I heard from Agar I went up to Kilburn Villa (Pierce's residence) on the day of Pierce's arrest. The house has a garden in front, and leading from the front door is a flight of steps. Underneath those steps is a pantry, and on searching in that pantry I found that the ground had been disturbed, and a hole had been dug, and in place of the natural clay it had been filled up with cinders. I should say that it had only recently been filled up, for there were green leaves in the cinders, and the claw of a lobster, quite fresh. In the house were Turkish bonds to the amount of £2000, leases, deeds, and securities of different sorts. The green tool-box was in the attic. I also went to Cambridge Villas, Shepherd's Bush (Agar's residence, where the gold was melted down). I had the grate in the back bed-room removed, and behind it I found the three fire-bricks which have been produced and identified by Agar. The chimney bore evident marks of having been subjected to great heat. The floor between the fire-place and the window was very much burnt. I had the boards taken up, and underneath were a number of small bits of gold, which had evidently run through the

floor. When I saw the man Agar at Portland I did not say anything to him about what I had seen at his house.

Cross-examined by Mr. GIFFARD.—It was about the middle of October when Agar made the statement.

F. Williamson, a detective officer, examined by Mr. Serjeant SHEE.—I went with Mr. Rees to Kilburn Villa, and besides the property mentioned by him, I found there a gold watch and chain, which I produce. The watch has a representation of Windsor Castle on the dial, and the initials "E. R. A." on the back. There were also betting-books and some I O U's taken from Pierce's house.

This concluded the case for the prosecution.

Mr. Serjeant PARRY said that before addressing the jury for Pierce, he should like to have the opinion of the Court whether there was evidence on the last count, which indicted Pierce for larceny as a servant of the company; and also whether he could be properly said to have been a receiver. The third count charged him with robbery from a dwelling-house, but he apprehended that a railway carriage could scarcely be called a dwelling-house.

Mr. Baron MARTIN said that Mr. Justice Willes and himself were both of opinion that it was clearly disproved that Pierce was a servant of the company at the time of the robbery. On that count of the indictment there was no evidence to go to the jury. His learned brother and himself were also of opinion that Pierce could not be called a receiver. As to the third count there would scarcely be any necessity to trouble the jury on that.

The Court then adjourned until ten o'clock the next morning, the jury being conducted to the London Coffee-house under the charge of the officers of the Court.

CENTRAL CRIMINAL COURT, *January* 15, 1857.

The trial of the prisoners Pierce, Burgess, and Tester was resumed at 10 o'clock, before Mr. Baron Martin and Mr. Justice Willes, and the court was filled, as on previous occasions, with an anxious and attentive audience, not the least interested of whom was the witness Fanny Kay, who was in court throughout the whole of the day.

Mr. Serjeant PARRY at once proceeded to address the jury on behalf of his client Pierce. After calling upon them, in general terms, to dismiss from their minds all that they had heard or read with respect to the case previously to entering the jury box, the learned counsel went on to observe that it was one of the obvious consequences of a free press that there should be from day to day a public report of what took place in our courts of jus-

tice, and far was it from him for one moment to complain of such reports. He recognized the freedom of the press as one of the greatest blessings which we enjoyed, for such publicity as he had alluded to threw a light upon the administration of justice, which enabled every eye in the remotest corner of the land to see that justice was fairly executed; and without that freedom it was not improbable that our courts might become corrupt, and the administration of justice be poisoned at its source. But sometimes, in addition to those ordinary reports which no one had any right to complain of, it happened that comments were made upon cases which were still pending, which were in the course of primary investigation, and which would have finally to be decided by such a tribunal as was there assembled; and when those comments were made in a spirit adverse to the persons accused, he could conceive nothing more unfair or unjust. Whether such comments had been made in this case he was not personally aware; but, if by any accident such comments should have been made calculated at all to influence the judgment of the jury, or to impair the impartiality with which they should view this case, he trusted that they would endeavour to let them pass away altogether from their recollection. This case was one of a most peculiar character in reference to the legal principles which must guide the jury in coming to their verdict; and it arose from the circumstance that the main witness—he was almost going to say the only witness—who proved any real substantial act done by either of the prisoners in this robbery was himself the perpetrator of it. That man had indeed given a detail and a narrative of the robbery which it was extremely difficult for ordinary minds not to act upon; but in a criminal court it was their duty to act upon those invariable rules which guided the administration of criminal justice in this country, and which ensured to every one a fair and impartial trial. His learned friend, Serjeant Shee, had said that he did not ask them to convict either of the men at the bar unless the evidence of Agar, the accomplice, were confirmed and corroborated by other witnesses. But there his learned friend had stopped, and he had not explained to them the principle which the judges invariably laid down on such occasions. It was his (Serjeant Parry's) duty, therefore, at once to state the principle of law on which he mainly relied, and he should quote one or two extracts from well-known textbooks in support of the view which he held. The principle which he sought to establish was this—that an accomplice should be corroborated in his evidence, not merely as to the facts of the case, of which he himself no doubt well knew the truth because he had been a participator in them; but that he should be corroborated also in reference to the "person" of the accused against whom he gave his evidence, and that he should be corroborated likewise in all material and substantial particulars. He would now read to the jury an extract from a judgment by Lord Abinger, in which that learned person stated what was the law, or rather the rule of practice,

on this subject. Lord Abinger said, in the case of a person who had been charged with an offence, and against whom an accomplice had been called:—

"I am strongly inclined to think that you will not consider the corroboration in this case sufficient. No one can hear the case without entertaining a suspicion of the prisoner's guilt; but the rules of law must be applied to all men alike. It is a practice which deserves all the reverence of law. The judges have uniformly told juries that they ought not to pay any respect to the testimony of an accomplice, unless the accomplice is corroborated in some material circumstances. Now, in my opinion, that corroboration ought to consist in some circumstance that affects the identity of the party accused. A man who has been guilty of a crime himself will always be able to relate the facts of the case, and if the confirmation be only of the truth of that history, without identifying the person, that is really no corroboration at all. If a man was to break open a house and put a knife to your throat, and steal your property, it would be no corroboration that he had stated all the facts correctly, that he had described how the person did put a knife to the throat, and did steal the property. It would not at all tend to show that the party accused participated in it."

The danger was, when a man knew that he was charged with an offence, that he might endeavour to purchase immunity for himself by falsely accusing others. He was sure that the jury would see how cogently this applied to the case which they were now considering. However, he should read one other short passage on which he strongly relied. Baron Alderson in a case of a similar character—"Rex *v.* Wilkes and Edwardes"—said:—

"The confirmation of the accomplice as to the commission of the felony is really no confirmation at all, because it would be a confirmation as much if the accusation were against you and me, as it would be against those prisoners who are now upon their trial. The confirmation which I always advise juries to require is a confirmation of the accomplice in some fact which goes to fix the guilt on the particular person charged."

There again was the reiteration of the principle which he wished the jury to act upon, and which he trusted they would excuse him for pressing upon them so pertinaciously, because he felt that unless he succeeded in that it was hopeless for him to attempt to extricate his client from the situation in which he stood. Those two judgments contained the pith of the whole matter, and although he had intended to read a passage from a judgment of Mr. Justice Williams, who was, perhaps, one of the most eminent judges in the administration of the criminal law that ever sat upon the bench, he did not think it would be necessary to trouble them with it, as Justice Williams's language was but a repetition of what he had already read to them from Lord Abinger and Baron Alderson. Having thus en-

deavoured to explain the principle of the law which should guide the jury, let them proceed calmly and dispassionately to consider the facts which had been brought forward. This was not a case in which any advocate could or ought to do more than calmly discuss the evidence, in order to ascertain whether, by the law and practice of the courts, that evidence brought home the charge to the persons accused. He was perfectly free to admit that his client, if guilty, had committed a grave and serious offence, and no doubt, if the jury should find him guilty, a most serious punishment would be attached to that offence. He believed, however, and trusted that he should be able to demonstrate to them, that according to the law and the practice of the courts the evidence before them failed to substantiate his guilt. He was sure that he should not be misunderstood by the jury. It was not his intention to intrude a single personal observation upon them. His asseveration of his belief in the innocence of the prisoner would be a great piece of folly and presumption on his part. More eminent advocates than he was, or ever should be, had, he believed, taken that course; and when they had done so they had damaged both themselves and their client by it. The duty of the advocate was plain and clear—it was, by every fair and honourable and legitimate argument that he could use, upon the evidence that was before the jury, to endeavour to rescue his client, and to compel the jury, by the force of their own judgment, to give a verdict of "Not guilty." That being his notion of the duty of an advocate, he would now call attention to the history of this case. He was sure that it would be impossible, by any epithet that he could employ, to add to the detestation which they must all feel for the character of that man Agar. Rarely did they find entering a court of justice such a man as Agar, having lived a course of crime and fraud of almost every description from the time that he was eighteen or twenty years of age. During that period the jury could have little doubt that he had been engaged in a most extensive and bold system of plunder, and that he had been associated with other men almost as bad as himself, not all of whom had yet been detected. The jury would know with what distrust to view the testimony of such a person, and he should therefore abstain from heaping any vituperative epithets upon Mr. Agar—his own demeanour, his own features, his own life as he had been compelled to reveal it, his own acts in this particular robbery, as he had coolly, audaciously, and impudently related them, stamped his character at once, and that character he was sure they thoroughly understood. In addition to the fact that Agar was the planner and executor of this robbery, he had, or pretended to have, a personal animosity against Pierce; and he now sought to be let loose again upon society by giving this evidence. He (Serjeant Parry) wondered whether the influence of the South-Eastern Railway Company would be sufficient to induce the Government to let loose a criminal like

that again upon society. It was right that crime should be detected; but it was not right that men situated like Agar should be encouraged and invited, as he had been in this case, to make these revelations. He knew not whether we should have the happiness of claiming for ourselves the privilege of calling Mr. Agar a free fellow-subject; he knew not whether he was again to be let loose upon the world; but evidently that was one of the motives which operated upon his mind; and the other was a feeling of great malignity towards the prisoner Pierce. As to the conduct of Pierce towards that young woman, Fanny Kay, and her child, it was impossible for any one to explain it but himself. He waa entirely at the mercy of two persons without character and feeling, except the feeling of animosity which they cherished towards him; but, fortunately for him, Mr. Wontner, his solicitor, had been enabled by his Lordship to make a statement with respect to the £3000, which showed that instead of that money having been appropriated as it was said it had been by Pierce, it had been invested in Turkish bonds at Agar's own request, ready for him at any time he could have demanded it; and he believed the only persons who wished to get, at this moment, unlawful possession of that money were the South-Eastern Railway Company, although he trusted they would not be successful in that attempt. He did not propose to go through Agar's narrative step by step, and should only allude to those passages which related to Pierce; and he believed that he should demonstrate to them not only that there was not sufficient corroboration as affected that prisoner, but that there was an entire absence of corroboration, and in points, too, where, if he had been implicated in the robbery, corroboration could easily have been obtained. First, as to the visit of Pierce and Agar to Folkestone in 1854, that had been corroborated; but he did not see that any weight was to be attached to that circumstance. That Pierce knew Agar, he had reason bitterly to remember, for without that knowledge he never would have stood in that dock. No doubt the two men had known each other for years; it was by no means improbable that they might have visited many places together for perfectly innocent purposes, and it was not to be presumed that they associated for criminal objects unless that were proved. They went to Folkestone, and walked about like any other persons; and no one corroborated what Agar had said relative to Pierce's getting possession of the key of the safe, and Agar's taking the impression of it; not a soul saw that done. That Pierce and Agar were intimate there could be no question, but in what their intimacy consisted he knew not, and he did not think that mere intimacy alone should weigh very strongly with the jury. That was an element in the case which could not be overlooked he admitted, but he asked them to treat the acquaintance of Pierce with Agar, and their visit to Folkestone, as harmless and innocent until they were proved to be otherwise by some better testimony than that

of Agar. There was no doubt that Agar committed the robbery, and if he wished to convict Pierce of the crime nothing was easier than for him to associate Pierce with himself upon that visit to Folkestone, although Pierce might have been perfectly innocent of any criminal intention. Then came Agar's account of constant interviews with Pierce in London, of which there was not a shadow of corroboration. So, also, there was a long story told by Agar about obtaining possession of the key, of which there was no corroboration whatever. Then, again, no one proved the purchase of the shot by Pierce except Agar. Notwithstanding the multiplicity of visits which Agar said they had paid together to the railway station and to St. Thomas's Street, the cabmen failed to identify Pierce; but even if Pierce had been identified as accompanying him on one occasion, it by no means followed that he did so with a criminal intention, for there might have been scores of purposes perfectly innocent for which they might have gone there together. At length the night arrived upon which Agar and his associate, whoever he might have been, started upon their journey of plunder. On the 15th of May, 1855, Agar went down by mail train to Dover; but what he did while he was riding in the train, what he did at Dover, how he returned and with whom he returned, of his arrival in London and his return home, of the sale of the moneys by Pierce, and of every one of the circumstances which were really the leading circumstances of this robbery, and about which he (Mr. Parry) should ask the jury to apply the principle with which he had set out—with respect to all these points there was not a shadow of corroboration of the statement made by Agar. There was no proof that Pierce had been his companion upon that occasion, or that he had had anything whatever to do with the matter. Bad, and tainted, and corrupted as Agar was they must believe his own confession that he committed the robbery. Agar and his companion must have been seen by scores of persons, yet there was not one single individual who identified Pierce throughout the whole of this occurrence. And the jury must remember that they were not deciding whether Pierce had ridden in a cab with Agar; they were not deciding whether Pierce was intimate with Agar; but they were trying what took place from half-past eight o'clock on the night of the 15th of May, 1855, when the Dover express started, until the time when it arrived in Dover, and they were endeavouring to ascertain whether Pierce was the companion of Agar on that journey of plunder, which no doubt would become memorable in the annals of crime. He submitted that there was not one tittle of corroboration in that respect. At Dover they stopped at an inn for two hours—from half-past eleven till half-past one—they were seen by the two Clarkes, the landlord and the waiter, in strong gaslight, and yet there was no identification of Pierce. Pierce was by no means an ordinary-looking man; they passed through the station at two o'clock in the morning in

such a manner as to attract the attention of three witnesses; they stayed twenty minutes on the platform; Agar said that he gave money there to a railway porter, and yet not one person identified Pierce. They came to London and went through the same ordeal, and still not a single witness identified Pierce. Two men no doubt were there; but Pierce, although he had been in the service of the railway company, and must have been known to many officers of the company, was not identified. Agar stated that Pierce had disguised himself with a wig and whiskers, and the only evidence in support of that statement was that a wig had been dressed for him in October, 1854. He did not see what relevancy an occurrence so remote could have to this particular charge. So again with regard to the sale of the bullion. It had been proved, no doubt, that the bullion had been sold, but it had not been proved that Pierce was the man who sold it. It appeared to him to be almost miraculous if Pierce were the man, how he, being known to the railway officers, should have passed them without being observed; and there was no proof whatever that Pierce was disguised upon the night in question, for the logic of a person who would say that because a man had a wig dressed in October, 1854, therefore he was disguised in it in May, 1855, although it might suit the brain of Agar, was not logic he imagined which would impose upon the jury, or which would induce them to say that there was an atom of corroboration of the statement of Agar, that Pierce was a co-operator and participator with him in this particular act. Upon their return to London carts were hired to carry the booty, still there was not a shadow of evidence to connect Pierce with the hiring. Then came the story which Fanny Kay told them, and which she alone had told them. Now, who was Fanny Kay? It was very melancholy to think that one so young should have been so profligate as she evidently had been. It was melancholy to think what her character had been; and then let him remind them that she was a woman, and that she sought to be revenged upon this man Pierce. Let him remind them of that, and then ask them whether she was a witness on whom they could rely? Had she not in all probability gone there with a fixed resolution to make good her object of revenge against Pierce? Did they believe her story when she told them that her life had not been a life of impropriety? He should be the last to say, because a girl had unfortunately fallen from the position which a virtuous woman always occupied in this country, that she was therefore not to be believed upon her oath. God forbid! But that was not the case of Fanny Kay. She had no doubt been immoral; he passed lightly over that, and touched lightly upon it; but he asked them to remember whose companion she had been for two years. His learned friend Serjeant Shee, with a face more innocent than his learned friend usually wore, in re-examining that girl, asked her whether she had not had an honourable

engagement with Mr. Hart, the gentleman who, when he came to town, never saw her mother, but always saw her, and who generally gave her two sovereigns, sometimes one—never less. Mr. Tress also had known her before, and Billy Barber likewise had been an acquaintance, although apparently a most innocent one. She was then introduced to Agar, according to his own account, as a perfect stranger, and they lived together as man and wife for two years; and with all that before him, his learned friend had the innocence, or assumed it, to re-examine her so as to induce them to believe that all her attachments were honourable. Agar was the participator in great crimes, some of them acknowledged, but scores, no doubt, unacknowledged. His mind, probably, at that moment was the depositary of the history of the crime of this metropolis and elsewhere for the last twenty years. He had visited America, where he said that he had "speculated;" could the jury doubt that he had speculated in crime? and he asked them, could such a woman live with such a man and remain untainted? She knew that his name was Agar after the birth of her child; she was addicted to drunken habits; he asked again, could such a woman live with such a man, and remain a pure-minded and honourable woman? Pure she could not be; could she be a woman of a truthful and reliable character? He should ask the jury to say, with respect to that furnace story which Agar had told, that there was not a shadow of reliable corroboration of it. Fanny Kay was anxious, for what he knew, to obtain the release of Agar; she was far more anxious to obtain the conviction of Pierce, and he had no doubt that she had coloured and exaggerated if she had not created the larger portion of her evidence. He admitted that Pierce was frequently at Shepherd's Bush, because Charlotte Painter stated that she had seen him there; but as for anything that was done there besides the "hammering" or "knocking," there was no corroboration whatever. He had heard more than one eminent judge say that there was a testimony on which a jury need not and ought not to act, and yet their non-acting upon it did not impute wilful and deliberate perjury to the person upon whose testimony they did not so act. As regarded Fanny Kay, they might see that she was a malignant woman evidently, and that she had a great object to gain. He remembered Justice Erle saying that there was nothing of which juries should be so cautious as acting upon the testimony of a witness who had a particular object in view altogether beyond what was involved in the case. Fanny Kay had that particular object in view here, and it was one of the worst objects which a human being could seek to carry out—it was revenge. She desired to convict and to punish, and to be revenged upon Pierce. Would they, then, act upon her testimony? She had evidently become doubly corrupted. Not only was she profligate, but she was addicted to habits of intoxication. That was a habit which tended to weaken the intellect both of man and woman—it was

one of the most degrading vices that either sex could be guilty of, and every one must admit that its effect was to blind the moral sense, and to darken and to diminish the distinctions between right and wrong. He asked them, then, to reject the evidence of Fanny Kay as unworthy and unreliable, and to consider that Agar and Kay were really one and the same person in this trial, and that they were both actuated by the same motives. That she was substantially the wife of that man Agar must be admitted, and it had been laid down that corroboration by the wife of an accomplice was not a corroboration which juries ought to act upon. What more was there in this case? Pierce had gone by the name of Peckham. Well, he was not there to defend Pierce either for associating with Agar or for assuming a false name; but there might be financial embarrassments, perhaps, rendering the use of a false name necessary, and which no one but Pierce himself could explain. Another fact which had been triumphantly relied upon by the prosecution, was the possession of one of the £100 notes by Pierce, which note was the result, with five others, of the change for 600 sovereigns obtained at the Bank of England on the 28th of May. That note was changed by Raffan for Pierce in the month of November, 1855. At that time Agar had been arrested, and he asked the jury how they could say that that was not one of the notes which Agar had left with Pierce to be applied to the support of Kay? No other proceeds of this robbery had been traced to Pierce, and if, as had been proved, Pierce had from time to time advanced to Fanny Kay from £80 to £100, what more likely than that he should have changed the note in question to supply her with money? And if he changed it for that purpose, was not the whole of the cogency and value of that evidence in favour of his client? Raffan deposed that he had frequently seen Pierce with a large amount of money, and that he knew that he had a large book upon the St. Leger in 1855, when Saucebox won. He (Serjeant Parry) was informed that it was no uncommon thing for betting-men to be worth £20,000 one day, and to be beggars the next, and therefore it was not difficult to understand that Pierce, who was a betting-man, might be one day seen pawning his shoes, and another in the possession of plenty of money. Such occurrences, he was informed, were by no means rare, and he believed that there was more roguery, fraud, swindling, and blackguardism in the betting-ring than in any part of Her Majesty's dominions. He believed that the jury had now the whole case before them, and he hoped that he had made himself perfectly understood. If they believed Agar they must convict Pierce; if they believed Fanny Kay there would be some evidence for them to consider; but he submitted that, even if they believed her, there was not sufficient in her evidence which pointed directly to the personal act of Pierce in any crime whatever. If they looked to the rest of the evidence, there did not appear to be any confirmation showing a complicity in this crime. Confirmation as to occa-

sional journeys and visits, and as to being seen in a public-house now and then together, there was, but that showed nothing beyond the bare fact that Agar had been acquainted with this man, and it did not show any complicity in crime. In conclusion, he asked them to be good enough to weigh carefully such observations as he had made as they thought were entitled to consideration, and to apply those observations to that rule of law, or that rule which had all the reverence of law, and which was almost as binding as law, which he had pointed out. If they did that, and rejected all external matter from their consideration, he believed that he was right in thinking that he had demonstrated to them that upon that principle they ought not to convict the man at the bar.

Mr. Giffard next addressed the Court on behalf of Burgess. After expressing his general concurrence in the remarks of Serjeant Parry with respect to corroborative evidence, and urging also the necessity of corroboration with respect to each of the prisoners before them, he proceeded to test the credit which was to be attached to Agar's statement. Observing in passing that Agar's character was so bad that it was impossible to blacken it—that he was there endeavouring to make capital out of his former crimes, and that refuting the adage that there was "honour among thieves," he was endeavouring to escape punishment or to avenge himself by the betrayal of his accomplices, the learned counsel went on to say that he did not deny that Agar's story that he stole the gold might be true. It might be true that he had been meditating the crime for years, and endeavouring to corrupt the railway servants, and that in the steady pursuit of that object he had scraped an acquaintance with some of them, and had been seen from time to time in their company; and there could be no doubt that the consequence of such an acquaintance was that the prisoners at the bar were placed in some degree of peril. Suppose, however, that instead of Burgess, Agar had fixed upon Sharman as having been an accomplice, and had told them in a detailed form that Sharman had permitted him to take an impression of the keys in wax, and suppose that Sharman—admittedly an innocent man—stood at that moment at the bar, in what position would he have been different from that which Burgess was then in, for Sharman had been seen at the hotel taking refreshments with them? One great inconsistency, as it appeared to him, in Agar's story was, that there did not appear to be any necessity for his employment in the matter at all. Pierce was stated to be the suggester of the robbery; Burgess was a guard in the employ of the company, and he might have lived at Folkestone if he had liked, where he could have ascertained without suspicion everything that it was requisite to know about the key of the bullion safe; Tester was the person who was alleged to have got possession of the key in London after the locks went to Messrs. Chubb's to be recombined; and he (Mr. Giffard), therefore, was really at a loss to

see what it was that Agar did which the others, if they were all implicated in it, could not have done just as well without him. Agar stated that, in order to fit the keys, he went down in the train with the bullion chest upon six or seven different occasions. It had been elicited in cross-examination that the bullion chest only went down by the train of which Burgess was guard when it was too late for the tidal service train; and surely the company must know the occasions on which, in the months of April or May, the bullion chest went down with Burgess; yet there was no testimony to corroborate Agar in the slightest degree respecting his statement of going down with the chest six or seven different times to fit the key. Surely that was a circumstance of materiality which the jury would expect to find corroborated if Agar's evidence were true, because he could scarcely get into the guard's van upon all those occasions without having been seen by some of the porters or the under-guard. Another remarkable circumstance was that Agar had never told them what he had done with the key which he pretended to have made from the wax impression. He had told them how he had disposed of the hammer and of the chisel, and the hay and the shot; but he had said nothing about the key. If the key had been produced, any locksmith could have told them whether it was the original key which had been made for the box, or whether it had been filed from a blank key and taken from a wax impression. It was not likely that such a circumstance would have escaped Agar's mind, and what he (Mr. Giffard) submitted was, that the key which the captain of the vessel had lost, Agar by some extraordinary coincidence had found. Agar being compelled to fix the scene of the robbery somewhere fixed it in the train; but might it not have occurred just as easily during the two hours and a-half that the box was at the station, or on the quay waiting for the boat? It was true that there was a watchman there, who said that he watched the box; but, if the watchman and Burgess changed places, would not Burgess declare, as stoutly as the watchman had done, that he had kept a vigilant eye upon the bullion box during the journey from London, and that no one had touched it? He did not for a moment say that the watchman was an accomplice in the robbery, but he thought it extremely likely that his vigilance might have been evaded. He presumed that the bullion box was a thing from its appearance likely to attract attention; and instead of the times of its departure being kept a secret, as was pretended by the officers of the company, it appeared that the time of the train by which it was going was, in the ordinary course of business, chalked upon it in large letters. Surely, then, persons intent upon committing a robbery, knowing that the bullion box was going down to a solitary seaport by a particular train, might concoct some plan to lull the vigilance of the watchman during the two or three hours that the box was to remain at that place. Now, if Agar's evidence

were true, let them consider whether in the progress of the train on the night in question there would be any means of corroborating him. The only person from whom he (Mr. Giffard) had endeavoured to elicit anything was not a desirable witness; it was Kennedy, the under-guard. He did not mean thereby that he was an accomplice of Agar's, but he was evidently desirous to make the case perfectly conclusive, and, in spite of the hint which he obtained from his learned friend Mr. Bodkin early in the examination in chief, he was much "too clever." Kennedy might have told them at how many stations Burgess had to get out, what he had to do at those stations, whom he would see there, and so on. Instead of that Kennedy said, "From the moment I got in to the moment I got out of the train, I never saw anything of Burgess." When asked who gave Burgess the signal to go on, he replied, "Why, I did." He was asked, "Didn't you see him then?" "No, I gave him the signal by a light." Again he was asked, "Didn't you see Burgess when he gave you the answer?" "Yes; at least I saw a light, but I did not know whether Burgess held it or not." Now he (Mr. Giffard) submitted that that was not the proper mode of giving evidence in such a case as this, because, but for the cross-examination, it would have left the impression that Burgess was working away in the van with Agar during the whole of the journey down. Again, there was this difficulty in the case. The mail train stopped at a certain number of stations; not all. Now, if Agar and Burgess were in the break van on the seven or eight occasions to which Agar had spoken, he wanted to know where it was that they got out? At Dover there were porters always in attendance to take the luggage, and if Agar had got out of the guard's van at the station would it not have created remark? This was evidently felt to be a difficulty by Agar, and he had therefore avoided the topic. On the night of the robbery there were three of them in the guard's van, because Pierce got in at Reigate. If three persons then got out of the van at the station must it not have led to inquiry, and would not the jury have expected some evidence on that subject? Agar had left that part of the history a blank, although it afforded ample room for corroboration if the story were true. Williams and Witherden were called to show that two men answering the description given by Agar of himself and Pierce went back to London by the train that night. That might be true. Those might have been the two persons for all he (Mr. Giffard) knew to the contrary; but it was singular that those two witnesses stated that Kennedy, the under-guard, and Burgess, the prisoner, were standing in the room facing them at the time those two men went through, and that Agar did not mention one word upon the subject. What he put to them was, that in every circumstance in which Burgess was concerned there was an entire absence of corroboration. Tester was well-known by the officials of the railway at Reigate, yet no one had been called to confirm Agar's statement

that Tester lurked about on the down side of the line at that station for the purpose of receiving the bar of gold. It was admitted that the acquaintance between Burgess and Agar was very slight; and, although Fanny Kay had been introduced to Agar by Burgess, she never once saw Burgess during the whole two years during which she lived with the approver. This circumstance could not well be reconciled with the alleged fact that Burgess was concerned in the robbery, and was, indeed, the principal actor in the drama, without whom, as guard of the train, the crime could not have been committed. If that had been so, surely he would have been seen some time or other by Fanny Kay in Agar's company, while arranging their plans for the robbery, or while conversing about the distribution of the booty after its commission. Burgess had not been traced by any witness as having been in Agar's company after the robbery, and they were asked to believe that the first time he saw Agar after the crime was completed was in August, when the fruits of the plunder were divided among the four accomplices. It was not in accordance with human nature that a man who had run such risks for spoil should be so indifferent about getting his share of it as not to go and look after his confederates' proceedings during the long interval between May and August. There could be no doubt that the approver Agar had played a very ingenious part; yet the cleverest of his fraternity were sometimes led into mistakes. It so happened that in Agar's statement there was a remarkable discrepancy of no less than £220 between the amount of the proceeds of the robbery and the aggregate sum divided among the four persons concerned in it. That was a fact tending to throw discredit upon Agar's evidence. The assertion that £600 in gold was changed at the Bank for an equal sum in notes, also bore the stamp of extreme improbability. Was it to be believed that persons trained in crime, who had got gold coin, which could not be traced, as the fruits of their robberies, would be likely to exchange it for bank-notes, for tracing which there were such facilities? It was not alleged that it was Burgess who obtained these notes at the Bank, and little weight could therefore be attached to the circumstance of some of them coming into his possession eight or nine months afterwards. As to Burgess having bought some Turkish bonds, it only proved that by a successful speculation he was able to clear the sum of £60. The guard of a train had many opportunities of knowing the state of the market, and, hearing that those bonds were "up," he might reasonably have thought it a good time for dealing in them. Burgess had been about thirteen years in the service of the company, and might well have been a richer man if all his speculations had succeeded. The statement of Agar that Burgess came out of the station on the night of the robbery, and wiped his face—the preconcerted signal that "all was right"— was wholly uncorroborated; and as to Burgess's having been seen with Pierce and

Agar at the Marquis of Granby, it was not to be supposed that Burgess would have gone to meet them at a public-house, where everybody might go in and out, in order to plan a robbery. When Messrs. Abell and Co. made their claim for compensation, the railway company resisted it from May to September, on the ground that the gold must have been abstracted in France, and not in England; yet all this time the company knew that the shot which was substituted by the thieves for the bullion was English-made, and not French. The legal advisers of the company instituted an inquiry immediately after the robbery, and Burgess was then examined. Why had not Burgess's statement been produced in that court, that the jury might have compared it with Agar's story, and then drawn their own conclusions accordingly? Instead of that, however, the whole transaction had been "bottled up" for eighteen months by the company, and Burgess had been most unfairly deprived of the legitimate means of making good his defence. Agar was a man who had been steeped in crime from his earliest years, while Burgess, on the other hand, was a man of honest character, and a diligent and faithful servant, who had up to the present time maintained the confidence of his employers, by whom he was retained in his responsible situation of guard long after the robbery. It was for the jury to say whether they would depend upon the evidence of a witness like Agar; but he humbly submitted that the case was not one free from all reasonable doubt; that Burgess was, therefore, entitled to the benefit of his previous good character; and he confidently relied that his client would meet with an acquittal.

Mr. Serjeant BALLANTINE then addressed the jury on behalf of the prisoner Tester. Having implored them to dismiss from their minds all that they had learnt of this case from the newspapers, and other extraneous sources, he expressed his deliberate conviction that whatever might be the amount of trustworthy evidence adduced at that trial, much remained behind, which, if disclosed, would throw most important light on the question they were investigating, and much had also been introduced that had been invented and applied with an ingenuity perfectly devilish, but which the careful scrutiny of honest and unprejudiced minds would unravel and defeat. The prisoner Tester had been many years a clerk in the service of the South-Eastern Railway Company, holding an onerous and well-remunerated situation, and being the son of a man of substance and respectability. He left this company's employ in the year 1856, taking with him the highest possible character, and entered upon an office equally responsible and more lucrative in the service of a railway company in Sweden. In the latter position he remained until he heard, through the usual channels of information, of the charge brought against him by the approver Agar; upon which he returned at once to this country, threw himself upon its justice, inviting a full investigation of his conduct; and now he abided the issue. If he

was really a dishonest man, undoubtedly he was also a bold one; for, instead of staying in Sweden, where he would at least have been free, he had preferred to place himself voluntarily within the reach of punishment, and now stood of his own accord in the felons' dock. Upon a man like Agar he (the learned counsel) would not lavish epithets. He was, by his own admission, a scoundrel, and a scoundrel of no ordinary stamp. As a psychological phenomenon his character deserved careful study. According to his own account of himself he was forty-one years old; and the only part of his life of which he was ashamed, and which he sought to hide, was the three years of wasted honesty, during which he held a humble situation, and did not sully his hands with renewed crime. His general career, marked by masterly contrivance and perverted forethought, was that of a devilish tempter of mankind—of a man who, not content with carrying his crimes on his own shoulders, and gaining a livelihood by them, wandered through society to corrupt its honesty, and pollute everything that came within his accursed touch. No more terrible scourge could be let loose upon society than would flow from the liberation of such a miscreant. At the commission of what baseness would he be likely to hesitate if he thought he might thereby shorten the term of his own incarceration? To secure mercy for himself, he would not shrink from destroying the happiness, the reputation, or the liberty of the innocent. The honesty towards each other, proverbial even among thieves, was a weakness that he had left far behind. But he had a livelihood to gain when he should emerge from Portland prison, through the instrumentality of the South-Eastern Railway Company, and he would, therefore, be only too glad to screen any accomplice who could divulge deeds of his such as the last penalties of the law could alone expiate at the expense of an innocent man who had incurred his malignant revenge, for no deeper offence than that of resisting his diabolical seductions. The disclosures of Agar had been ascribed to the fact that his compassionate love for that sweet and sentimental young lady, the mother of his child, had been keenly wounded through the unkind treatment she had experienced from Pierce; but when the matter came to be sifted, it turned out that the infamous approver had deserted the woman to whom he was so tenderly attached, and had taken up with another, with whom he lived for some time before being taken into custody. There was no immorality—no species of villany in which he had not revelled, and his whole ambition would indeed seem to have been to show himself a worthy head of the noble guild of scoundrels. What would such a heartless wretch care if his innocent victims were pining in prison provided he himself was at large enjoying the society of his Fanny Kays and Fanny Campbells, and living by the spoliation of the public? The able argument of his learned friend (Mr. Giffard) had shown pretty conclusively the absence of satisfactory proof that the robbery was committed in the manner stated

by the approver, and it was unnecessary, therefore, to travel over that ground again. But what he (the learned serjeant) charged against Agar was, that he had fabricated a story based upon certain facts entirely independent of this case, which he easily picked up through his knowledge of Burgess, Tester, and the other officers of the company, and upon these immaterial facts he had fixed as a means of confirming the accusation against Tester which he had ingeniously engrafted upon them. For example, having learned from the railway officials that Tester came up from Reigate with a black bag, what was there to prevent his inventing the untruth that that bag had been taken by Tester for the express purpose of bringing up the bars of gold? And how was it possible for the prisoner to contradict that statement? Again, Agar knew that Tester was a person manifestly pointed out by his situation as likely to have access to the keys of the bullion chest, and his knowledge of this fact enabled him to pass off his story about Tester giving him possession of the keys to take an impression of them. So, likewise, having fixed on the railway as the scene of his version of the robbery, he was obliged to implicate the guard in its commission. Again, it was said that Tester and Agar were seen frequently together, and took tea and wine together. This might be very true; but then Tester did not know Agar's character at that time; and was it not very probable that all this while Agar was endeavouring, but without success, to induce him to betray his trust, and allow him to get possession of the keys of the bullion chest, over which he knew the prisoner had some control? The jury could not have forgotten that Agar swore positively that he was innocent of the crime for which he had lately been convicted, and that he was found guilty through the false testimony of an accomplice. By this statement Agar was either committing deliberate perjury, or he presented in his own person a terrible example of the danger arising from juries attaching undue weight to the fabricated evidence of accomplices. The learned counsel then remarked upon the scanty evidence adduced as to Tester's control over the keys of the bullion chest. It was stated that the keys were sent by Mr. Chubb to Mr. Brown, the superintendent; and it was reasonable to suppose that the latter gentleman locked them up safely in his own drawer. If he had not done so, he would no doubt have been called as a witness to prove the fact. It was alleged that Burgess and Kennedy were continued as guards of the eight P.M. down train for more than one month through the intervention of Tester. If there was any irregularity in this proceeding—and it had been shown that there was none, such extensions of a guard's time being not unusual—the blame for it rested with the superior officer who witnessed the prisoner making the alteration in the list. Agar might easily have gleaned the circumstance of Burgess being kept on the train for May, and make use of it to bolster up the whole tissue of his other wicked inventions. Again, it was not pre-

tended that Tester was seen with the black bag on the night of the robbery. All that was proved was that he was seen somewhere about the time of its commission. Surely that simple fact of itself was no sufficient ground for the inference that he had a portion of the plunder in his possession. Moreover, was it to be credited for a moment that, if such had been the contents of the black bag, he would have been so foolhardy as to go out of his way to attract observation by proceeding to the Greenwich Railway station, instead of going quietly at once to his own residence, and hiding the stolen property? But that was not all; he actually went up to the booking-clerk, voluntarily engaged in conversation with him, forced upon his attention the fact that he had been to Reigate and back since office hours, put down the black bag with the bar of gold (as was said) in it, and went away for nearly ten minutes, leaving the bag behind him until he returned to take his place in the train. No criminal, unless he were positively insane and determined not to escape detection, could have acted in this matter as Tester was represented to have done. Agar might somehow have obtained a knowledge that the prisoner came up from Reigate with a black bag, and then pounced upon it as a further means of giving the semblance of confirmation to his story of Tester's complicity in the robbery. It certainly had the appearance of fitting very neatly—perhaps too neatly—into his tale; but whether it had been made so to fit by Agar's own fertile invention, or by Tester's conduct, the jury would have to decide for themselves. Then with regard to the division of plunder. It was stated that Tester accepted some Spanish bonds from Agar as his share of the fruits of the crime. Was it to be believed that Tester would have run the risk of robbing his employers for the sake of two or three Spanish bonds—worth something, perhaps, to-day, and nothing at all to-morrow—when he could have hard cash in English sovereigns instead? This fiction was too transparent to deceive senaible men. The truth was Agar must have come to know that the prisoner had been dealing in Spanish bonds, and then he tried to make it be believed that Tester got them from him. This was another sample of the mode in which the approver had manufactured his confirmatory evidence. As to the alleged changing of 600 sovereigns into six £100 notes, the story bore the impress of a lie upon the very face of it, and was evidently trumped up to give effect to his other base machinations. Thieves might be desirous of changing notes into gold; but who ever heard of their having the madness to change gold, so easily convertible and so difficult to be traced, into bank-notes, which afforded so many facilities for detection? He (the learned serjeant) charged him with being the concoctor of appearances against his client. The notes were never in Tester's hands at all; nor did he write his name upon them. His name had been forged, perhaps not by Agar himself, but by his ready agents. That infamous approver had shown

himself capable of such a detestable deed—he was connected with the notorious "Jem Saward" and that organized and gigantic system of forgeries which had so recently startled the commercial community. Agar had been a forger all his life—his plots had had their ramifications in America as well as in Europe, and they had extended over more than twenty years, during which period he had contrived, almost miraculously, to escape detection. The learned counsel, in conclusion, maintained that no confirmatory proof had been adduced of the approver's testimony against his client, and earnestly appealed to the jury not to allow a man who had hitherto borne a high and unimpeachable character to be the victim of the foul machinations of one who sought his ruin.

Mr. Baron MARTIN then proceeded to sum up the evidence. He said, Gentlemen of the jury, my learned brother and myself are both of opinion that the prisoner Pierce cannot be convicted on the first count, which charges him with larceny as a servant, seeing that at the time of the robbery he had ceased to be a servant of the company. The only offence, therefore, of which he can be found guilty is simple larceny. With regard to Burgess and Tester, however, the case is different. They were both servants of the company, and were placed in situations of trust. You have been very properly desired to dismiss from your attention all the remarks which have been made by the press in reference to this trial, and I also will make that request of you, though I have no doubt that the evidence which you have listened to during the last two days, must have made a much greater impression on your minds than anything which you have read in the newspapers. This case, it has been truly said, is one of the greatest public importance. It is one of a class which has unfortunately become very numerous of late, and for which I think the Legislature ought speedily to make some special provision, where the great joint-stock companies which have come into existence in such numbers within the last quarter of a century have been plundered by their confidential servants. It seems as though the feeling of attachment and fidelity, which ought to exist between clerk and employer, is wholly wanting in the case of these companies, and they appear to be regarded as a public spoil. This case rests mainly, no doubt, on the evidence of the approver. To use his own expression, Agar is, and has been for years, "a professional thief," and he was known to the prisoners as such. He was no common thief, however. Before he engaged in this transaction he was in the possession of £3000 stock, besides Spanish bonds to the extent of £700, and he appears to have been applied to on account of his great professional skill to undertake this business, just as one would apply to a great physician, or a great lawyer, or any man of great professional reputation for assistance in his particular walk. My learned brother Shee told you, very properly, at the beginning of this case, that, for the purpose of convicting any one on the evidence of an approver, it is

necessary that that he should be corroborated by other witnesses. If you are convinced from the evidence of other witnesses that the story which Agar has told is a true story, if you are of opinion that there are circumstances connected with it which must have happened, and which he cannot have invented, and that the minute details which he has narrated have been corroborated by independent witnesses with whom he can have had no communication, and over whom he can have had no control, then it is undoubtedly your duty to find the prisoners guilty but if you have any doubt upon these points, then you must acquit them. Agar was arrested on the 15th of August, 1855, and he was convicted at the October Sessions at this Court, and from that time he has had no possible opportunity of making up a concerted story with any one, nor indeed is there any one of the witnesses, except Fanny Kay, who would be likely to enter into communication with him on the subject. His motive for coming forward now is perfectly clear. He is actuated by a violent feeling of animosity against the prisoner Pierce for the breach of trust which he committed in appropriating to himself the £3000 intended for the support of Fanny Kay and the child. Revenge is his object. Against Burgess and Tester he appears to have no feeling of animosity, and it will be for you to consider how far he would be likely, if his story were a false one, to inculpate two persons who do not appear to have given him any cause of offence. My learned brother Shee contended that even if Agar's evidence were struck out altogether, there was still a case to go to the jury against all the prisoners. I think my learned brother erred there as respects Pierce and Tester. Against them there would be no case, I think, without Agar's statement, but against Burgess I am of opinion that there would be evidence to go to the jury even if Agar had not been examined.

you are of opinion that the robbery took place between London and Folkestone—of which I think the evidence leaves very little doubt—then comes the question, how could it have been committed without Burgess's knowledge, seeing that his station was in the compartment in which the gold was carried? But with regard to the other two, I am of opinion that there would be no case if you disbelieve Agar's story. Substantially, however, the case against all the three prisoners rests upon Agar's evidence, and it will be your duty carefully to consider that evidence, not starting with the assumption that it is false, but looking at it with great suspicion, and noting how far it is corroborated by the evidence of independent witnesses. If you are then of opinion that it is so completely confirmed in all its important points by the testimony of persons with whom he can have had no communication, and no opportunity of concerting a story, as to make it perfectly certain that his account of the mode in which this robbery was committed is true, then it will be your duty to find the prisoners guilty. The learned Baron then went through the whole of Agar's evidence, point-

ing out those portions in which it was corroborated by other witnesses. His account of the visits of himself and Pierce to Folkestone was confirmed by Mrs. Hooker, at whose house they lodged on their first visit; of Hazel, the police inspector at Folkestone, who had watched them; and of Sharman, Chapman, and Ledger. Chapman's evidence in particular as to the receipt of the parcel of gold by Agar at Folkestone, and his pretended inability to write a receipt, because of his wounded finger, agreed in every particular with Agar's statement. Agar said he had been informed by Tester that one of the keys of the iron safe had been lost, and that it had been sent to Messrs. Chubb to have the lock altered, and this was confirmed by Mr. Chubb, who produced the correspondence relating to this transaction, which was in Tester's handwriting, showing that Tester was acquainted with this circumstance, which it was not likely would have been generally known among the company's servants. In like manner, the unusual circumstance of Burgess acting as guard to the mail train so much longer than his regular term of duty (during which time Agar was going up and down the line fitting the key to the safe), was shown to have been arranged by Tester himself. Tester was shown to have travelled on the line from Redhill to London that night, and to have had a little black bag with him, by the testimony of Jones and Russell, just as was alleged in Agar's story; and Agar's account of the return of Pierce and himself from Dover to London by the two o'clock train was confirmed in all particulars by the waiter at Dover, and the porters at the Dover and London stations. Agar's description of the manner in which the gold had been carried from the station, and melted down, was confirmed by the evidence of the cabman and the carter, and also by Mr. Rees, who found the fire-bricks behind the grate, the burnt flooring at Agar's old residence, and the box of tools at Pierce's. The evidence of the Bank clerks respecting the six £100 notes, and of the stockbrokers, of Lee, the stockjobber, and of Stearn, the publican, were all confirmatory of Agar's evidence as to the division of the plunder; and the Spanish bonds, of which Agar had spoken, had been in the same manner traced to the possession of the prisoner Pierce, and of Tester's father. Having thus pointed out those parts of Agar's evidence which were confirmed by other witnesses, the learned Baron dismissed the jury at a few minutes to five o'clock to consider their verdict.

After an absence of little more than ten minutes, the jury returned into court, and the foreman delivered in their verdict, Guilty on the second count (simple larceny) against Pierce, and Guilty on the first count against Burgess and Tester.

The prisoners having been placed at the bar for judgment,

Mr. Baron MARTIN proceeded to deliver the sentence of the Court. Addressing the prisoners he said—You, William Pierce, James Burgess, and George William Tester, have all been convicted, upon pretty nearly the

most conclusive evidence which it was possible to lay before a jury, of the offence with which you were charged. The man Agar is a man who is as bad, I dare say, as bad can be, but that he is a man of most extraordinary ability no person who heard him examined can for a moment deny. I do not entertain a doubt that it was because he was an old, experienced thief, noted for his extraordinary skill, that he was applied to by you for the purpose of getting this robbery effected by his instrumentality. Something has been said of the romance connected with that man's character, but let those who fancy that there is anything great in it consider his fate. It is obvious, as I have said, that he is a man of extraordinary talent; that he gave to this and, perhaps, to many other robberies, an amount of care and perseverance one-tenth of which devoted to honest pursuits must have raised him to a respectable station in life, and considering the commercial activity of this country during the last twenty years, would probably have enabled him to realize a large fortune. But look at the consequences of his career of crime. Instead of being a respected wealthy man, as he might have been, he is a slave for life—separate for ever from all he holds most dear. It is perfectly clear that he was fond of associating with persons of the other sex, but he is entirely cut off from all such associations. He is condemned to a wretched and miserable life. He is dealt with as a complete slave, and has no more control over his own actions than the veriest slave that has existed since the world began. I did not think it right to notice, while the trial was going on, the observations which were made by counsel on the probability of his getting his discharge as the price of the evidence he has given here to-day. That is entirely in the breast of the Crown; we have nothing to do with it; but it does not at all follow as a matter of course, that a man of his character will be released from prison because he has given evidence which has had the effect of bringing you to justice. He has related to us the various circumstances of this robbery, and has narrated minute details which have been confirmed by upwards of thirty witnesses, with whom it was perfectly impossible that he could have had any communication. He could not have told us those details except his story had been a true one; and, for my own part, I believe every word of his evidence from beginning to end. On you, Pierce, I am unfortunately compelled to inflict a punishment less severe than upon the other prisoners. They were servants of the company, and you were not. By a strained construction of the law you might, perhaps, have been got into the same category with the other two; but I am unwilling, and my brother Willes agrees with me, to strain the law against you. But I do declare, that if I stood in that dock to receive sentence, I should feel more degraded to be in your place than in that even of either of your associates. You had been long connected with this man Agar; he trusted you, and he gave you £3000 stock to be invested for the benefit of his child and its mother, toge-

ther with £600, his share of the produce of this robbery, and the rest of the gold which had not been sold. In all you must have got out of him about £15,000. This you stole and appropriated to your own use. It is a worse offence, I declare, than the act of which you have just been found guilty. I would rather have been concerned in stealing the gold than in the robbery of that wretched woman—call her harlot, if you will—and her child. A greater villain than you are, I believe, does not exist. (This strong language was received by the audience with a loud burst of applause.) I greatly regret that I have it not in my power to inflict a heavier punishment upon you; but the heaviest sentence which the law allows for your offence I will pass upon you, and that is that you be imprisoned, with hard labour, for the space of two years, and that during three months of that time—the first, twelfth, and twenty-fourth month—you be kept in solitary confinement. As for you, Burgess and Tester, there is no manner of doubt that your case is that—not unfrequent of late—of men who, having good characters, and being placed by your employers in situations of trust, were unable to resist the temptation of getting possession of a large sum of money all at once. Whether Agar tempted you or whether you were tempted by Pierce, as is most likely, and that then Agar was applied to as a man noted for his skill and ability in such matters, it is impossible for us to know now. That you Burgess, a man who had been fifteen years in the service of the company, and were receiving good wages, and that you Tester, the son of a most respectable man, should have yielded to this temptation, is greatly to be deplored; but we should be departing from our duty to the public, particularly after what we have seen taking place during the last few months, the robbery of the Crystal Palace Company and other offences of a similar nature, if we did not visit you with the severest punishment. You knew when you engaged in the commission of this crime that, though if you were successful, it would place you in the possession of a large sum of money, yet that if you were detected you would be liable to the severest punishment. You were willing to play the game, and you must pay the forfeit. The learned counsel who have addressed the jury on your behalf have spoken in the strongest terms of Agar's character. No doubt he deserves all they have said, but let it be said in his favour that he remained true to you, that he said not a word about this robbery until he heard of Pierce's base conduct. As he gave his evidence he did not appear to feel towards you that bitter animosity which was so clearly manifested in him, and, I must say, not unnaturally, under the circumstances, towards Pierce. He had no motive to accuse you falsely, and this to my mind is an additional proof of the truth of his story. The sentence of the Court upon you, Burgess and Tester, is that you be severally transported beyond the seas for the term of fourteen years.

The prisoners received their sentence without any change of demeanour, and were immediately removed from the bar.

Mr. Bodkin, addressing Mr. Baron Martin, said, in reference to his Lordship's observations on the possibility of Agar's release, it was only just to Mr. Rees, the solicitor for the prosecution, to mention that, when he saw Agar at Portland, he had distinctly stated to him that he was not to expect any remission of his sentence in return for the evidence which he had consented to give. The learned counsel at the same time applied to the Court that the property found in the possession of the prisoners should be handed over to the South-Eastern Railway Company.

Mr. Baron Martin declined to make any such order at present. The Turkish bonds found in the possession of Pierce had been clearly purchased with the money entrusted to the prisoner by Agar, and if he had the power he should certainly order those bonds to be handed over to Fanny Kay.

Mr. Bodkin said, the company had no desire to take possession of any property which was not the produce of the robbery.

Mr. Baron Martin said that, if the solicitor for the prosecution would specify on affidavit what property they thought themselves entitled to, he and Mr. Justice Willes would then make whatever order seemed right to them under the circumstances.

THE GREAT CHEQUE FORGERIES. — THE TRIALS OF SAWARD AND ANDERSON, AND HARDWICKE AND ATWELL.

Central Criminal Court, *March* 5, 1857.

(*Before the* Chief Baron *and Mr. Baron* Bramwell.)

At the sitting of the Court, James Townsend Saward, aged 58, described as a labourer, and James Anderson, aged 36, described as a servant, were placed at the bar to plead to several charges of forgery.

There were four separate indictments, to all of which the prisoners pleaded "Not Guilty." Both prisoners presented a very dejected appearance, and Saward, in particular, had lost the confident demeanour he exhibited while under examination at the Mansion House.

Before the trial was proceeded with, Saward addressed the Court, and asked for a counsel to be assigned to him. He said that a brief had been prepared, but he had been unable to retain counsel; but if the brief were to be placed in the hands of any gentleman at the bar, a delay of a quarter of an hour would enable him perfectly to understand the case, and to show that he was entirely innocent.

The CHIEF BARON said, he had no power to assign him counsel. It was arranged last week that the trial should come on to-day, and he had had ample opportunity to instruct counsel to defend him.

Saward said, that, under these circumstances, he should leave his case entirely in the hands of the Court.

The prisoners were then jointly charged with having forged and uttered an order for the payment of £100, with intent to defraud.

Sir F. Thesiger was specially retained with Mr. Bodkin and Mr. Sleigh to conduct the prosecution. No counsel appeared for the prisoner Anderson.

Sir F. THESIGER, in opening the case to the jury, commenced by observing that he could not help expressing his regret that the prisoner Saward should have made the application they had just heard, and that it should appear that he was deprived of the necessary legal assistance upon his trial. It is (said Sir F. Thesiger) the first intimation the counsel for the Crown have received, that the prisoner was unprovided with counsel; and certainly, so late back as Saturday last, both prisoners were distinctly informed that the trial would come on to-day. What endeavours have been made to procure counsel, I am of course ignorant of; but it is clear that, as the counsel for the Crown, I have only one duty to perform, and that is to proceed with the task that devolves upon me. The case I have to lay before you is one of the most serious character, involving the highest punishment known to the law short of the capital, and I am sure I need not ask for the most patient and careful attention at your hands, to the evidence which I shall lay before you in support of the charge. I regret to say that the prisoner Saward is a barrister, having been called to the bar in 1840 by the Society of the Inner Temple, to which I have the honour to belong; and I need hardly say how gratified I should be if it could be made out that the prisoner is not guilty of the serious offence that is alleged against him. The other prisoner has formerly been a gentleman's servant, and latterly he has been a waiter at different hotels, and both are charged with having jointly, and with other persons, carried on a most gigantic system of forgery upon the bankers of this metropolis. The charge will mainly rest upon the evidence of two persons named Hardwicke and Atwell, who were undoubtedly concerned in all these transactions, and to whose evidence the jury ought not to attach any weight, unless it be confirmed by independent testimony. I believe, however, that corroboration of the most ample kind will be given of their evidence, and that in the result the jury will only be able to arrive at one conclusion—namely, that the prisoners are guilty of the offence that is charged against them by the present indictment. The prisoners stand charged for forging and uttering an order for the payment of £100; but it is important that I should draw your attention to other similar transactions in which they were engaged, so as to

leave no doubt on your minds that they perfectly well knew that the cheque in question was a forged cheque. The first transaction was one connected with Mr. Doe, an ironmonger in Brick Lane, Spitalfields. In December, 1855, Mr. Doe's premises were broken open, and from his iron safe, among other things taken away, there were two blank cheques and several other cancelled cheques, which had been previously returned by the bankers, Messrs. Barclay and Co. Atwell took these cheques to a person named Saunders. Saunders said he thought these two cheques might be made use of; and in a few days afterwards he introduced Atwell and Mr. Saward. Mr. Saward was on that occasion desirous to know the sort of business that was carried on by Mr. Doe, for the purpose, no doubt, of adapting the amount of the cheque to his circumstances. He was accordingly taken to Mr. Doe's, and, seeing that the business was not a very extensive one, he said he was afraid that not much could be made of these cheques. He told Atwell, however, that they would produce something, and he proposed to introduce Atwell to a person whom he called Davis, a person who afterwards appeared to be Anderson, to whom, shortly afterwards, Saward introduced Atwell. It appears that Anderson took a lodging in Leman Street, Goodman's Fields, under the name of Davis, and he there answered persons and letters sent to him, among whom were two persons named Driver and Brown. He directed Driver to come to his lodging in Leman Street, and Brown was to wait for him at the Eastern Counties Railway. On the 9th of January, 1856, the parties met in Spitalfields. Saward produced two cheques which he had forged in the name of J. B. Doe upon Barclay and Co., one for £46 15*s.* 6*d.*, and the other, which was dated on the 10th of January, 1856, for £95 17*s.* 6*d.* They compared these cheques with the cancelled cheques, and then Saward, having torn up the cancelled cheques, gave the other two cheques to Driver, who had been desired by Anderson, under the name of Davis, to come to him in Leman Street. Driver accordingly went to the lodgings in Leman Street, and then Anderson (in the name of Davis) sent him to Messrs. Barclay and Co. with the cheque for £46 15*s.* 6*d.* Atwell followed him to Messrs. Barclay's, where the cheque was presented and was paid. Atwell having informed Anderson, who was waiting in the neighbourhood of his lodgings, that the cheque was paid, went to Leman Street, and there received the money from Driver. The parties then proceeded to the Eastern Counties Railway, where the other young man, Brown, made his appearance according to appointment. Another cheque for £95 17*s.* 6*d.* was given to Brown by Atwell, just in the same way as the former cheque was to Driver, to be presented to Messrs. Barclay and Co. That cheque was also paid. Anderson met Brown on his return from the bankers. He took him to a public-house, and there received the money from him; and then all the parties proceeded to the Hackney Road. Mr. Saward said he would get the notes changed by Jack

Hall, and he went away and got the notes changed. He returned, and the money was divided, Saward receiving his share from Atwell and Anderson. An arrangement was then made between Atwell and Saward, that if Atwell should procure any more cheques, he should communicate with Saward, and, on the other hand, if he (Saward) had any more business for Atwell to do, he would inform him. An occasion which the parties anticipated, was not long in arriving. Atwell, under the name of Hawkes, had in the meantime taken a lodging in Cottage Lane, City Road. A gentleman named Ash, who carries on business as an iron-merchant in Upper Thames Street, and who banks with Messrs. Smith, Payne, and Co., had his premises broken into, and had some blank cheques and also some cancelled cheques taken away, and these had come into the possession of Mr. Saward. Mr. Saward, according to an arrangement made with Atwell, called at Atwell's house, and there was seen by Atwell's mistress, and also by Atwell. Saward then produced to Atwell the cancelled cheques of Mr. Ash, and also the blank cheques which I have mentioned. An arrangement was made with regard to the filling up of these blank cheques, and to the passing them off. Mr. Anderson had on this occasion taken a lodging in the name of Hammond in Oakley Crescent, City Road. The usual course was pursued; an advertisement was inserted and answered, and a young man came to Oakley Crescent. A cheque for £91 was delivered to this young man to be presented at the bankers'. He went to the bank of Smith, Payne, and Co., followed by Atwell; but the cheque was stopped, and the young man was detained; upon which Atwell immediately went to these parties at a place previously arranged among them, and of course they forthwith dispersed. Inquiry was made at Oakley Crescent for the parties, but of course they were gone. The next matter which occurred among the parties, was the drawing of cheques of Messrs. Bramah and Sons on Messrs. Ransome and Co., the bankers. These cheques were obtained by means of a forged order for a cheque-book from the bankers. That cheque-book having been got, Saward immediately proceeded to forge three cheques —one for £47 12*s.*, another for £71 10*s.*, and a third for £87 14*s.*, all of which were paid. Shortly afterwards, a cheque of Messrs. Dobree and Sons, who, I believe, are merchants in Tokenhouse Yard, came into the possession of Mr. Saward, and he prepared a bill of exchange for £386 17*s.* 10*d.*, which purported to be accepted by Messrs. Dobree and Sons, payable at Hankeys and Co. Saward had for that occasion taken lodgings under the name of White, in Cumberland Street, Hackney Road. This bill, for £386 17*s.* 10*d.*, was given to a young man to present at Hankeys' for payment. Anderson, in disguise, watched the young man to the bank, but the bill was stopped, and the money was not paid. The parties having timely notice of this were soon dispersed. The next transaction which I have to detail to you, is important to be borne in mind, and is one

displaying rather a singular degree of ingenuity on the part of these persons. A Mr. Alfred Turner, who is a solicitor in Red Lion Square, had his pocket picked, and his pocket-book was taken from him, containing two blank cheques, and a letter addressed to himself, thus showing to whom the book belonged. Mr. Saward was particularly desirous of obtaining the handwriting of Mr. Turner, and he therefore suggested the following ingenious mode of gaining his object:—He prepared an I O U for £30 in the name of Hesp, and it was arranged that Atwell should go to Mr. Turner, and desire him, as his solicitor, to write to his supposed debtor Hesp for the payment of this supposed I O U. Mr. Saward suggested that when the payment was made, the money should be allowed to remain in the hands of Mr. Turner for two or three days, in order, probably, that he should pay it into his bankers, so that when it was asked for, Mr. Turner should give a cheque bearing his signature for the amount. Anderson took a lodging in the name of Hesp, and in due form a letter was addressed by Mr. Turner for payment of the I O U. Mr. Hesp immediately paid the debt, but all the parties were disappointed on that occasion, for Mr. Turner's clerk, who happened to have received the money, paid the amount in cash. Mr. Saward consoled himself by saying, "Well, we must wait a little, and then try it again." Well, gentlemen, they did try it again. In the meantime—in May, 1856—Mr. Hardwicke arrived from Van Diemen's Land, and renewed his acquaintance with Mr. Saward. They met first in Farringdon Market, and then adjourned to a public-house near Southwark Bridge, and, having come there rather late in the day, the landlord was without food to supply them with, and was obliged to send out to a beef-shop; in consequence of this circumstance the house was always afterwards known by these parties by the name of the "beef-house"—a very important circumstance to be borne in mind, as the parties were in the habit of meeting there. Hardwicke had brought over with him, among other things, a bill of exchange for £200 drawn by Crossman and Co., of Hobart Town, upon Stephen Kennard and Co., of Austin Friars, payable at Messrs. Heywood, Kennard, and Co's. It was endorsed to Hardwicke. At this "beef-house" near Southwark Bridge, Hardwicke handed over that bill to Mr. Saward, who returned it to Hardwicke in the course of the day. Saward then prepared, by means of that bill, a bill for £1000, which purported to be accepted by Messrs. Kennard and Co., and to be payable at Heywood, Kennard, and Co's. He completed the bill with the exception of the date, and that was left for some convenient opportunity to be filled in. Shortly afterwards Hardwicke, Atwell, and Anderson were at Mr. Townsend's shop, a hatter, in Cheapside. A young man named John Clements came in and asked for a situation as light porter. Hardwicke followed the young man out of the shop, and asked him his name and address, and then promised

to write to him. Anderson had taken lodgings in the Kingsland Road by the name of Ryde, and he addressed a letter to this young man Clements, desiring him to call upon him. Clements called on him accordingly on the 13th of June. Anderson then made an appointment with him to meet on the following day at the Sussex Arms, near the Kingsland Road, where all the parties were assembled. On that occasion the bill for £1000 was produced. Saward took out a £20 bank-note and gave it to Clements, desiring him to get it changed, and to bring him two 10*s.* foreign bill stamps. Clements did as he was ordered, and brought back the change and the stamps, which he gave to Anderson, and which were taken by him to the Sussex Arms. There Mr. Saward took one of the stamps, wrote a receipt across it, and filled up the date of the bill. He then delivered the bill to Anderson, who went and gave it to Clements, who was directed to go and present it at Heywood, Kennard, and Co's. Hardwicke had started to the City, in order to be there before Clements. Clements went by an omnibus, Atwell unknown to him, seated himself by his side, and they rode to the City together. Clements went to the bankers, Heywood and Co., and presented the bill for £1000. Hardwicke was at the banking-house, and Atwell just outside the bank. The cashier counted out the notes, but just at that moment he had some misgiving as to the genuineness of the acceptance. He accordingly took the bill, and was comparing it with some other bills—I suppose with some handwriting—when Hardwicke became alarmed, and left the banking-house. Atwell just went in and saw the cashier take up the notes, payment was refused, and the young man Clements was detained. Saward and Anderson were waiting in Bishopsgate Churchyard, where the other parties, Hardwicke and Atwell, joined them after the failure of this large scheme. But their failure on this occasion induced Mr. Saward to try another experiment on Mr. Turner, and this was more successful than the first. These parties went to a public-house in Lincoln's Inn Fields, and there Mr. Saward prepared an I O U in the name of Hart for £103 15*s.* 6*d.* They rubbed it on the table to give it the appearance of age. Anderson and Atwell (bearing the name of Hunter) went to Mr. Turner's to procure payment of the I O U. Atwell's brother was the person who went and paid the money to Mr. Turner. They allowed the money to remain in Mr. Turner's hands for a certain time, and that gentleman paid the amount into his bankers', Messrs. Gosling and Co. When Mr. Hunter went to receive the amount of the I O U, Mr. Turner paid it in a cheque, deducting his own charges, the cheque being for £103 8*s.* 10*d.* This cheque was taken to Mr. Saward, and Mr. Saward set to work and forged three cheques in the name of Mr. Turner, one of them being for the sum of £410 7*s.* 4*d.* Mr. Anderson took a lodging in Albert Road, Regent's Park, in the name of Taylor. He there issued an advertisement in the usual manner, and a young man named Hardy was engaged by him.

The cheque for £410 7*s.* 4*d.* was given to Hardy, who went to Messrs. Gosling and Co., and the money was paid. Anderson received that money from the young man, and the parties had agreed to assemble at the Elephant and Castle to share it among them. But Hardwicke missed his friends. Saward sought after him, and, among other places, he made inquiry at Mrs. Dixon's, in Union Street, a cousin of Hardwicke's. The experiment, however, was entirely successful, and the money was ultimately divided among them. We are now approaching more particularly the period at which the cheque in question which is the subject of inquiry before you was forged by Mr. Saward, and at the same time other sums of a similar description upon Messrs. Hankey and Co. The cheque in question is in the name of Baldwin. A cheque of Mr. Baldwin came into the hands of some of the confederates of Mr. Saward, who prepared three cheques under the name of Baldwin upon Messrs. Hankey and Co.; one being for £50, and two for £100 each. Upon this occasion, the parties adopted a different mode for passing off the cheques. They determined to send the porters from different hotels to present the cheques for them. They first selected the Magpie public-house, in Bishopsgate Street, where Saward, with Anderson and other parties, assembled. It was first proposed to pass the £50 cheque, which was done in this way:—Anderson went to the White Hart public-house, in Bishopsgate Street, and there delivered the £50 cheque to the "boots" or porter to take to Hankey and Co's. and get cashed; and having done so he returned to Saward at the Magpie. The cheque was paid, and Anderson, hearing that fact, went again to the White Hart and received the money from the boots, and then immediately changed the money into Napoleons at a money-changers in Lombard Street. He then despatched the porter at the Four Swans with a cheque for £100 upon Messrs. Hankey and Co., which was also successful. The money was paid, and Anderson received it at the Four Swans; but when the porter got back it was too late to present the remaining cheque. This being Saturday, they all agreed to meet on Monday, the 14th, at Gregory's Hotel in Cheapside. They came according to appointment, and thence they adjourned to a public-house in Wood Street, Cheapside, and there Anderson was seen to pass over a sum of money to Saward, a circumstance not to be lost sight of. Anderson then returned to Gregory's Hotel, and desired the porter to take the remaining £100 cheque upon Hankey and Co. to the bank. The porter accordingly went there, but the parties were not so fortunate as to this cheque as they were with respect to the other two. The cheque was refused payment, and the person presenting it was detained. Of course all the parties dispersed as soon as they heard what had happened. Now, with regard to this part of the transaction, I must press most particularly on your attention the fact of Saward being in the company of Anderson at the Magpie public-house for a considerable portion of the day of the 16th

of August. I shall have the most clear and unquestionable evidence of that fact both of the landlord and the barman of the house. With regard to his being at the public-house in Wood Street, and money passing between him and Anderson, I have also the disinterested evidence of a gentleman who happened to be present at the time, and who saw the money pass between the parties. I am now drawing to the close of this extraordinary case. It only remains for me to detail to you the manner in which the detection of all these frauds occurred. A cheque upon Messrs. Layton's bank, at Yarmouth, fell into the hands of these parties, and it immediately suggested itself to them that there might be an opportunity of doing some business in that quarter. It was arranged that Atwell and Hardwicke should go down to Yarmouth, Hardwicke under the name of Ralph, and Atwell under the name of Attwood. They there applied to different solicitors, as in the case of Mr. Turner, and instructed those solicitors to write to certain supposed debtors in London, by which means they would of course obtain the handwriting of those solicitors, and be able to go to their bankers with forged cheques. Mr. Hardwicke, before he left London, had ordered his letters to be sent in the name of Ralph to the Chapter Coffee-house, Paternoster Row. It turned out that the Chapter Coffee-house had been closed some time, but Hardwicke went there, and saw a party in the house, and he said that he had been in the habit of having his letters left there, and the person said he would receive any letters that were addressed to Mr. Ralph. Well, he and Atwell went down to Yarmouth, and they applied to Mr. Chamberlain, to Messrs. Reynolds and Palmer, and to Mr. Preston, all of whom were solicitors, instructing them to write to persons in London for supposed debts. Atwell went on to Norwich, and there employed Messrs. Miller and Son for a similar purpose. Letters were written to the supposed debtors in London. There were persons ready at the end of the journey to receive those letters. Mr. Saward on the receipt of the letter from these several attorneys wrote on the 3rd of September to each of them, complaining of the very harsh manner of his creditor, but promising that the debt should be paid. These letters went to the solicitors, and will be produced in evidence. In due time Atwell and Hardwicke came up to London, and the money for the amount of the supposed debts was paid into different banks in London to be forwarded to Yarmouth. On the 16th of September, at a public-house in Queen Street, Mr. Saward wrote three letters to different attorneys informing them that he had paid the money, and he returned to Atwell the letters of application which had been written by the attorneys at Yarmouth. Mr. Atwell and Mr. Hardwicke immediately proceeded again to Yarmouth, but an untoward circumstance occurred, which first led to suspicion, and afterwards to detection, to which I will now call your attention. Mr. Hardwicke, in order to keep up his credit at Yarmouth, was

anxious to pay a sum of £250 into the bank of Barclay and Co. to the credit of Mr. Ralph at Yarmouth. He accordingly went to Messrs. Barclay and Co. and paid in the money in the name of Mr. Whitney; but, unfortunately for him, he forgot to pay it in as money to be paid to a Mr. Ralph. The money was therefore sent down to Yarmouth to the credit of Mr. Whitney. Of course when Mr. Ralph went to receive the money they said they had no money in that name in their hands, but had such an amount to the credit of a Mr. Whitney. This created great uneasiness, and Hardwicke wrote to Saward under cover to Mr. Ralph at the Chapter Coffee-house, giving an account of the unfortunate circumstance which had occurred, and requesting him to interfere to get the matter rectified. Saward sent Anderson to Barclay and Co., but they refused to pay the money upon the representation he made to them, and they required that Mr. Whitney must attend himself and explain the matter. Thus this affair ended. In the meantime suspicions had been excited as to the conduct of Atwell and Hardwicke at Yarmouth, and an inquiry was set on foot, and those suspicions became so strong that the consequence was both Atwell and Hardwicke were apprehended. On going to Atwell's lodgings there were found all the letters which had been written by the attorneys at Yarmouth, and which Saward had given back to Atwell when he wrote the answers to those letters. But a more unfortunate event occurred to Mr. Saward. On the 15th of September, 1856, Mr. Saward wrote a letter to Hardwicke, addressing him by the name of Ralph, in answer to Hardwicke respecting this unfortunate transaction as to the payment of the money into Messrs. Barclay and Co's. bank. That letter, arriving at Yarmouth after Hardwicke and Atwell had been apprehended, fell into the hands of the police, and was opened and read by them. It certainly appeared to them, not understanding all the extraordinary circumstances which I have detailed to you, a little ambiguous; but when the letter was brought to London, and as soon as it was shown to the solicitor for the prosecution, the difficulty was dispelled, and afforded a clue to the whole mystery. It explained everything, and the letter was of the greatest importance as showing Saward's connection with Anderson and the other parties. [Here Sir F. Thesiger read the letter, which was afterwards given in evidence.] As to the handwriting of that letter I shall have no difficulty in proving it to your satisfaction. Saward in the meantime, not seeing Hardwicke or hearing from him, became uneasy, and he wrote a note and left it at Mrs. Dixon's. He afterwards went there and asked for Hardwicke, upon which she told him, to his great surprise, that Hardwicke had been apprehended, and she asked what it was for, when he said, "Oh, nothing; the circumstance will be settled in a few days." He told her that if any one came there and asked for Hardwicke she was to say that Mr. Hardwicke's letters were left there, but that a lady came for them. Saward then asked whether

any letters were in her possession. Two were produced, and on Saward saying, "I think you had better burn those letters," the mother of Mrs. Dixon said, "Perhaps the gentleman had better burn them himself." Upon which Saward took the two letters and burnt them. Saward was apprehended on the 26th of December by two City officers named Moss and Huggett. They went to a coffee-shop in John Street, Oxford Street, where they inquired for a Mr. Hopkins, when a woman said that he had gone to a public-house in Oxford Market. They went there. Huggett entered the house, Moss remained a little behind, and presently observed a door opened rather gently. He immediately opened the door fully, and found Mr. Saward there. He said, "My name is Hopkins." "No," said Moss, "your name is Saward." He said, "You are entirely mistaken." Shortly afterwards Moss said, "You are James Saward." Saward said, "I know nothing at all about him." Huggett then said, "I must apprehend you for forgery, for forging a bill of £1000 upon Messrs. Heywood and Co., and with also being concerned with Anderson, Hardwicke, and Atwell." Saward said, "I don't know any such persons." The officers then apprehended Saward. He shortly wanted to retire to the water-closet. Huggett said, "You may go, but before you do you must be searched." He was searched, and they took from him two blank cheques of the St. James's branch of the London and Westminster Bank. Saward said to Huggett, "Of course, you have no desire to do anything with them." A little while after, as he was being taken in the cab, Saward said, "I suppose I need not hold out any longer. My name is Jem Saward."

The prisoner Saward.—I said no such thing.

Sir F. Thesiger.—I am merely stating the evidence which I am prepared to prove.

The prisoner Saward repeated that he never used the words attributed to him.

The Chief Baron.—It is very irregular to interrupt the counsel in that way. If it be not true that will appear by the evidence; but if it be supported by the evidence the jury will have to consider it, but this is not the time to do so.

The prisoner Saward.—But, my Lord, the evidence may not be true.

The Chief Baron.—But we must hear it before we can judge whether it be true or false; and before we can receive the evidence we must hear the narrative of the whole transaction.

Sir F. Thesiger.—Gentlemen, I believe I have most fairly, most faithfully, and most accurately detailed to you from beginning to end the whole of the evidence which I shall have to depend upon, and it is neither for me nor for the prisoner to judge of the weight of the truth of that evidence; that is a matter entirely for you, gentlemen, and you will have the fullest opportunity of considering and weighing that evidence. You will observe,

from what I have stated to you, that it mainly depends upon the testimony of those persons, Atwell and Hardwicke, who are implicated with the prisoners, and who are accomplices with them, and who, therefore, unless supported by testimony of credit, of course will not be able to establish a case against the prisoners. Your duty will be to see whether there are circumstances in this case which confirm materially the evidence of Atwell and of Hardwicke, and which will leave no doubt upon your minds that they have told you a true story. You can understand that it is not expected in cases of this kind that persons who are accomplices should be confirmed in every statement they make. That in most cases would be impossible; but they must be confirmed upon such facts as will lead any man to the conclusion that the substantial part of their story, which perhaps might not be fully corroborated by other testimony, is true and faithful. In regard to the connection between these and the other parties I need do no more, after the denial of Mr. Saward, than refer you to the astounding circumstances stated in that letter, or rather, I should say, those letters, which were written by him upon the occasion of the transactions at Yarmouth, and of which I have already intimated to you I shall have distinct proof. I trust, gentlemen, I have now discharged my duty faithfully. My object was to place before you a plain statement of the evidence that will be submitted to your judgment and final decision. I will not press any particular part of it on your attention. You alone are the judges of its weight and tendency, and I feel that I should not be discharging my duty fairly to the public if I were to press unnecessarily any portion of those facts, evidence in support of which will now be offered to your judgment.

Henry Atwell, the approver, was then called and examined by Mr. Bodkin. In reply to questions he said—I am at present a prisoner in Newgate under sentence of transportation for life. I was convicted for forgery, with a prisoner named Hardwicke. I know both the prisoners at the bar. I first became acquainted with Saward and was introduced to him by a person named Saunders, a smith, who lived in the Old Street Road. That is about twelve or thirteen months ago. I at that time had a parcel of cancelled cheques and three blank cheques in my possession. They were part of the produce of a burglary which had been committed. The cheques were drawn by a person named Doe upon Barclay's bank. I had some conversation with Saunders about these cheques, and, by his appointment, I was introduced to Saward, to whom I showed them. He asked me if I knew where they came from, and I told him, and afterwards went and showed him where Mr. Doe lived. When I showed him Mr. Doe's premises he said it was a small place, and he was afraid they would not get much out of it. I afterwards met Saward by appointment in the New Road, when he brought the blank cheques filled up. He asked

me if I did not think the forged signatures to the cheques were a capital imitation of the original? I compared them with the cancelled cheques and said they were very good—the cancelled cheques were then destroyed. The cheques now produced for £46 15*s.* 6*d.* and £95 17*s.* 6*d.* are the two cheques I saw upon that occasion. I afterwards went to Leman Street, Whitechapel, and was introduced to Anderson, who Saward said was his "sender," and who had lodgings there. After a short conversation in the street Anderson went in to see a young man who had advertised for a situation, and whose advertisement he had answered. I saw the young man there; his name was Draper. It was the same young man that I see now in court. That young man was sent to Barclay's with one of the cheques that morning, and I followed him. He got the money and came back with it to Leman Street, and gave it to Anderson. Afterwards Saward, Anderson, and myself went to the Eastern Counties Railway. The gold we got from the cheque was shared among five of us—that is Saward, Anderson, and myself, and two men called Tom and Fred. The notes were all given to Saward. At the Eastern Counties Railway we met a young man named Brown, and Saward gave him the other cheque for £95. I followed Brown as before, and saw him, after getting the money, go over London Bridge, instead of going back to the Eastern Counties Railway; upon which I tapped him on the shoulder, and said I thought he was going the wrong way; when he made some excuse about not meaning to be dishonest, and came back. The money was given to Anderson. Afterwards Saward tried to dispose of the notes. He was absent for about an hour, but then came back, and brought some gold. He had sold the £10 notes for £8 10*s.* each. The whole money was then shared among us. I got two shares for bringing the papers (cheques), and I gave some to Saunders for the introduction to Saward. I was then passing by the name of Hawkes, and Elizabeth Evans was living with me as my wife. My aunt, Mrs. Haydon, used sometimes to call upon me at my house in Cottage Lane. It was about two months after this affair of the first cheques, that Saward called on me. I recollect the presentation of a cheque on Smith Payne's. I saw Saward that day. He called on me, and said he had "business" in hand, and asked me to join, which I did. I saw some cancelled cheques in his possession, in the name of Ash and Son, a forgery of one signature for £91, which appeared to be perfect. I knew the cheques were the produce of a burglary. They were to be sent to the bank as before, I following the messenger. I went with Anderson and Saward to a public-house in the City Road, when Anderson was dressed up in a wig as he used to be. A young man, Humphries, came to Anderson's lodging at Oakley Crescent, City Road, and was sent on an errand, and then to the bank. I saw him present the cheque at Smith Payne's. It was not paid, so I hurried back to prevent his meeting any of the others. After that, Saward gave me a sheet of blank cheques at my

house in Cottage Lane, and told me to take care of them, as they would come in very useful. Elizabeth Evans took care of them. Soon after that I met Saward, who called on me, and told me he had a cheque-book of a banker's in the Haymarket, and that they had taken lodgings, and were going to present some cheques, if I would follow the young men as before. [A young man, named Powell, was here called into court, but the witness said he could not be sure as to his identity.] That was accordingly done, on three occasions. I afterwards saw Saward near Shoreditch Church, and he told me he had got up a bill of exchange for £381 17*s.* 6*d.*, purporting to be drawn by Jennings and Co., on Samuel Dobree and Co., merchants, of Tokenhouse Yard, and made payable at Hankeys'. That bill was sent by Anderson, who was disguised as usual, from the Hackney Road, by a young man named Wyzzell. I followed him to the bank, and saw that the bill was not paid. I saw Saward write something upon the bill just before it was sent. I think it was the date on which it would become due. In consequence of an arrangement between Saward, Anderson, and myself, I took an I O U for £30 to Mr. Turner, a solicitor in Red Lion Square, to instruct him to recover the money due on it, in order that we might get his cheque. I was to give the name of "Hunter," so that Saward might be able to imitate the writing in filling up the cheque for £100. Letters were to be addressed under the name of "Hesp" to Anderson's lodgings in the New Road. My brother took the money to Mr. Turner's when he wrote for it, and in a few days afterwards I called on Mr. Turner, and his clerk gave me the money in cash. Saward said that that could not be helped for once. About that time Saward introduced Hardwicke to me as an old friend of his who had just come from Australia. Saward, Anderson, and myself went and met Hardwicke in Farringdon Market, and, after some conversation as to getting more "papers," we arranged to meet again the same evening at a public-house in Southwark. We called that house the "Beef-house," as the landlord once sent for some cooked beef for us, as he had nothing in the house for us to eat. We used often to meet there. On one occasion Hardwicke showed some papers he had brought from Australia. They were blank forms of bills, which he said might be used for forgery. They were all given to Saward, who afterwards filled them up—one for £1000, and another for £900. I saw the former bill for £1000 on the morning it was presented. [The bills were handed in, and read by the clerk of the court.] About that time I was at a hatter's in Bread Street, Cheapside, with Anderson and Hardwicke, when a young man came in, and said he was out of a situation and wanted one. Hardwicke followed and spoke to him, and afterwards told Saward that the young man was a likely young fellow to present cheques. The young man was named Clements. He was written to that evening, and Anderson took a lodging in the Kingsland

Road, under the name of Ricley. On the morning the bill was presented we all met at a public-house in the neighbourhood. The young man Clements, who had been written to, was sent to get change at the bank for a £20 note, and to bring in two 10*s.* bill-stamps, which was done. One of those stamps was put on the back of the £1000 bill by Saward, who wrote the name Ricley and his address across it. I took the other stamp myself. Anderson then took the bill, and, disguised as usual, gave it to Clements, with whom I rode down to the City in a 'bus. Clements did not know me. I saw him go into Haywood's bank with the bill. Saward waited under the clock in Lombard Street. I went into the bank, and saw that the money was stopped, and returned immediately and told Hardwicke and Saward, and we all went to the public-house in Bishopsgate Passage, where we told Anderson, who was waiting, and then separated. Afterwards we went and tried Mr. Turner again with another I O U. There were so many names used, I can hardly recollect the name of the supposed debtor on that occasion, but I think it was Hart. Anderson took his lodgings in St. Pancras Road. I still kept the name of Hunter, and in a few days after the application, Hardwicke paid £100 to Mr. Turner for the supposed debt, for which I called, and got a cheque upon Gosling and Co., which I gave to Saward. In about an hour and a-half, Saward returned the cheque back to me, at a public-house in Lincoln's Inn, telling me that he would soon have some blank cheques, which had been got from Mr. Turner's pocket-book by robbery. The person who had those blank cheques was with us that morning, but had not the cheques with him. He is not now in custody. About that time, several letters were written in answer to advertisements for situations, and Anderson took another lodging, under an assumed name, in Mornington Crescent. Soon after, Saward produced a forged cheque for £410 7*s.* 4*d.*, purporting to be drawn by Mr. Turner. Anderson took the cheque, and gave it to a young man named Hardy to take to the bank. I followed him, and saw him get the money, and on his return to Mornington Crescent, Anderson met him, and took the notes and gold. We then went to the Blackfriars Road, to a coffee-house, to look for Hardwicke, to whom we disposed of eight £50 notes, which we had received for the cheque. He gave £35 each for them. The money was shared equally, and a share given to the person not in custody, for the blank cheques he had stolen from Mr. Turner. I afterwards went with Hardwicke to Hamburg, where we changed the £50 notes. About this time Hardwicke received a cheque from some one whose name I do not know, and he showed it to Saward, who said he had some blanks that would fit it nicely. Afterwards Saward produced some cheques, one of which was for £50, and he asked Anderson to take it to the White Hart, and send the "boots" there for the money. We subsequently arranged how it should be done at the Magpie in Bishopsgate Street, and I followed

the messenger to the bank, and followed him back to the Magpie, where Anderson and Saward were waiting when we returned. The money was paid in three £10 notes, and the rest in gold. I changed the notes for Napoleons in Lombard Street. Another cheque for £100 was then given to Anderson to send from the Four Swans. That money was also paid, and Saward took the largest share, on account of his getting the blank cheques. We arranged to send another cheque for £100 next day from Gregory's Hotel, in Cheapside. I followed the messenger (Saunders)—now in court—to the banker's. Hardwicke gave me £50, so that if the cheque was stopped, and I was asked what business I had in the bank, I was to say I came to pay in the £50 to the credit of some one in the country. The third cheque was not paid, and I returned to Saward and Anderson immediately, and told them of the fact. Soon after this, I went to Yarmouth. Saward was aware of my going there. Hardwicke went down about a week before I did. He had a small cheque upon a banker then. Hardwicke passed under the name of Ralph, and I went under the name of Attwood. I went to several solicitors, and employed them to write for supposed debts, as we had done with Mr. Turner. Among others we went to were Reynolds and Palmer, Chamberlain, Miller and Son, and Preston. The persons by whom the supposed debts were owing, were represented as living in London. I received the written applications about the debts from Saward. We then came up to London, and I paid in some money on account of the supposed debts, to a branch of the Royal British Bank in Threadneedle Street; and Anderson, I think, also paid in some money for the same purpose, into Barclay's. The letters produced are in Saward's handwriting. They are the answers to the solicitors' applications for the supposed debts. On the day we came up we all dined together—Anderson, Hardwicke, Saward, and myself—and shortly after that I was taken into custody.

Both prisoners having declined to put any question to this witness,

William Salt Hardwicke was the next witness called, and examined by Mr. Sleigh. He said—I am a prisoner in Newgate, under sentence of transportation for life for forgery. Before this last charge I was transported for ten years for a felony at Brighton, of which, however, I was not guilty. After my sentence, I established myself in business in Australia, and afterwards returned to England. I have known the prisoner Saward about twenty or twenty-six years. I knew him well before the felony at Brighton. Exactly this day twelvemonths I took my passage home from Melbourne, with my wife, and arrived in England about the end of May, and took lodgings in Nelson Square, Blackfriars Road. Soon afterwards I met Saward in Suffolk Street, and he asked me how long I had been in England, and why I had not called upon him. I said I had not been long home, and had no wish to call upon him, as I thought he had treated me

so badly. He said I was not to mind that, as he would soon put me in a way of getting back my passage-money. Eventually, I agreed to meet him, and did so next day by appointment. He said he would introduce me to the parties he was then working with, and so I became acquainted with Anderson and Atwell. We used to meet at a public-house which we called the "Beef-house." When I came from Australia, I brought some bills with me. I had one genuine bill for £200 upon Kennard and Company. I showed some blank bills to Saward at the "Beef-house," and he said he thought a good deal might be done with them. He took away the genuine bill and the blank forms, and the next day he returned me the genuine bill, and said he had done what he wanted with it. It was then arranged that I was to find all the money that was necessary, and that a forged bill should be presented through the medium of Anderson, who was known as the sender. I was present when the young man Clements went into the hatter's shop, and I obtained his addresss, and it was arranged that he should be applied to and employed to present the forged bill. A lodging was taken by Anderson, where he was to meet the young man Clements, and he disguised himself by putting on a wig before we met him. We all went to a public-house on the morning the bill was presented, and I gave a £20 note to Saward, and I saw him write a name upon it. This witness then proceeded to narrate the particulars of what was done when Clements brought back the change of the £20 note and the 10*s.* stamps, giving exactly the same account of the transaction as that given by the witness Atwell. He also said that he was in the bank when the £1000 bill was presented, and he saw the clerk about to hand the bank-notes to Clements, when a sudden thought seemed to strike him, and he looked at the bill again and returned the notes to the till, and the messenger and the bill were detained. The witness then went on to give an account of all the other transactions that had been referred to by the witness Atwell, in nearly the same terms as were used by that witness, and he confirmed the evidence given by him with regard to all these transactions. He said that he was present when the forged cheque of Mr. Turner for £410 was paid by the clerk, and he directed his attention from the cheque at the time it was presented by making some inquiries about a dishonoured bill, and he subsequently gave £35 for each of the £50 notes, and the money was divided between them. It is not necessary to give any more of the evidence of this witness in detail, as it was merely a recapitulation of the statements made by the previous witness. He said that when he went to Yarmouth he assumed the name of James Ralph, and he made an arrangement that the letters addressed in that name should be received at the Chapter Coffee-house, in Paternoster Row, and that they should be delivered to the prisoner Saward. The witness also proved that he paid in £250 at Messrs. Barclay's to be remitted to Yarmouth. He

paid it in in the assumed name of Whitney, but omitted to say it was to be paid to the order of James Ralph, at Yarmouth, and the bankers, in consequence, refused to pay it except to the order of Whitney, and before the matter could be set right he was taken into custody. He wrote to Saward before this to inform him of the difficulty that had arisen, and a letter was written by him in reply, which he identified as the one now produced.

The prisoners put no questions to this witness.

Mr. Stubbs deposed that the prisoner Saward had lodged in his house for several years, and he stated that some of the letters that had been produced resembled the handwriting of the prisoner, to the best of his belief. He could not, however, give a positive opinion upon the subject with regard to some of them. With regard to other portions of the documentary evidence he stated positively that they were the handwriting of the prisoner Saward.

The following letter, written by Saward to Hardwicke, at Yarmouth, was then put in and read:—

"My dear friend,—I did not write on Saturday because I expected to-day to have been able to have rectified your unfortunate mistake. Mr. Roberts (the name Anderson was known by) attended again this morning at B.'s (Barclay and Co.'s) to have their determination under the circumstances. It is this:—That Mr. Whitney must attend himself at B.'s, and explain the matter, and sign a fresh note with his name, the same as he signed the paying note (the writing being the same, of course, by comparison); they will then send the fresh note as instructions for G.'s (Messrs. Gurney of Yarmouth) to pay to J. R. (James Ralph). The paying-in note has been sent to Gurney's, and they have it. They would not show it to Mr. Roberts when he applied there on Saturday last, but said that Whitney had paid it in to his own credit. Now, I considered the matter *seriatim* yesterday, and you must do this literally, just as I state it:—Go to G.'s, see the paying-in note—mind, you must see it—state you have written to Mr. Whitney and he will rectify it at Barclay's, and you will call upon them again in a day or two. Come up directly. Go to B.'s, write a fresh note for them to send to G.'s, and then return, and you will get the cash. Pray do not move further in other matters until this is arranged. I beg of you not to do so. I can see through a brick wall sometimes—I see through one now. Be guided by me, for I am generally secure by caution. Mr. Roberts told B.'s this morning that he thought Mr. Whitney had gone on a tour of pleasure up the Rhine, but he did not know positively. They said they could not help that. If you can accomplish what you have to do we will meet you to-morrow night at nine o'clock at the beef-house, but if we do not see you there at that time we will meet you the next day, Wednesday morning, at twelve o'clock, where we had the chops when you were

up on Thursday. Now, lastly, make no move in other matters until this is arranged. I have written fully, but I hope you will not think it a bore reading it.—Your faithful friend, "J.

"As we can't see the note, and they will give no positive information as to it, you must see it and know its exact import, or the cash may remain longer in jeopardy. You must come up directly."

Mr. J. B. Doe, an ironfounder in Whitechapel, deposed that he kept an account with Messrs. Barclay and Co. About Christmas, 1855, his premises were broken open, and among articles stolen were some cancelled cheques and some blank cheques. He also proved that the two cheques now produced were filled up on the blank cheques that were stolen, and were both forgeries.

Mr. Duddson proved that he was clerk to Messrs. Barclay and Co., and that he paid one of the forged cheques referred to by the last witness for £46 17*s.* 6*d.*

Mr. H. M. Nesley, another clerk, proved that he paid the second forged cheque.

— Draper, the young man referred to in the evidence of Atwell, proved that he received a letter from a person named Davis, in answer to an advertisement he had inserted for a situation, and he saw the prisoner Anderson in Leman Street, and he gave him a cheque to present at Messrs. Barclay's, the bankers. He took the cheque and received the money, and gave it to Anderson.

Mary Anne Smith proved that Anderson hired the room in Leman Street, Whitechapel, under the name of Davis. He only came for an hour or two on three successive days and then left, and she saw no more of him.

Edward Brown, another young man who had advertised for a situation, proved that he was sent by Anderson to Barclay and Co.'s with a cheque for £95 17*s.* 6*d.*, and he obtained the money. As he was returning, a young man tapped him on the shoulder and asked him if he was not going the wrong way, and he turned back. He was merely going to make some inquiry relative to his character at the time he was stopped. Atwell was the person who stopped him. He afterwards gave the money he received to Anderson.

Elizabeth Evans proved that in the early part of last year she was living with Atwell as his wife at Cottage Lane, City Road, and that the prisoner Saward frequently came there to see Atwell. Upon one occasion she said she saw Saward produce some papers from his pocket that resembled bankers' cheques in size and appearance, and some cheques were afterwards given to her by Atwell to take care of, and she identified some that were now produced as the same that were so given to her.

Elizabeth Haydon, the aunt of Atwell, proved that she had also seen Saward at her nephew's house, and she had seen them conversing, and once

when they were together, she observed a roll of papers on the table before them.

Mr. C. F. Ash, a timber merchant in Upper Thames Street, proved that his premises were broken into last year, and that some cancelled and blank cheques were stolen, with other articles. The cheque for £91 that had been produced, was drawn upon one of the cheques so stolen, and it was a forgery.

James Humphries, another young man who had advertised for a situation, proved that Anderson sent him to Messrs. Smith, Payne, and Co., with the cheque for £91. The cheque was not paid, and he saw no more of the prisoner until he was in custody.

Andrew Stevens, clerk to Messrs. Bramah and Co., proved that the firm kept an account with Messrs. Ransom and Co., and that these cheques that were produced were forgeries. They had been paid by the bank.

One of the cashiers from Messrs. Ransom's proved that the cheques referred to by the last witness were paid by the bank.

Henry George Vowels, another person who had advertised for a situation, proved that Anderson, who passed by the name of Bates, answered his advertisement, and sent him to Messrs. Ransom's with a cheque for £47 16*s*., and he received the money and handed it to the prisoner.

John Wyzell gave similar evidence with regard to a bill for £387 16*s*. 10*d*. upon Messrs. Hankey and Co. The bill was not paid, and he was detained, and when he returned to the place where he had seen the prisoner Anderson, he was not to be found. Anderson, upon this occasion, went by the name of White.

Mr. T. Grey, a clerk in the firm of Messrs. Dobree and Co., merchants, of Tokenhouse Yard, proved that the acceptance to the bill referred to was a forgery.

Mr. W. Inkersall proved that the acceptance, "Kennard and Co.," to the £1000 bill was also a forgery.

John Clements proved that he was looking for a situation in June last, and applied at a hatter's in Cheapside, and when he came out Hardwicke accosted him, and he afterwards went to an address in the Kingsland Road, where he saw the prisoner Anderson, who passed by the name of Rieley, and after some conversation he gave him a £20 note which he was to get changed, and to buy two 10*s*. stamps, and he did so, and gave them and the change to the prisoner. Anderson afterwards gave him the forged bill for £1000, and he went to Messrs. Heywood's with it, and he was detained, and saw no more of the prisoner till he was in custody.

Mr. W. T. Nicholls, cashier at Heywood and Co.'s, said he remembered the £1000 bill being presented. He had partly paid it, when some misgivings crossed him, and he stopped the bill and the person who had brought it.

By the COURT.—The first part of the signature was very much like the genuine one, but the latter part was not so good. It also required to be paid in £100 gold, eight £50 notes, and five for £100, and this struck him as being rather an extraordinary mode for a private person to receive such an amount, and the circumstance excited his suspicion.

Mrs. Davis, the landlady of the Sussex Arms public-house, in De Beauvoir Road, Kingsland, proved that on the day the £1000 bill was presented four persons were at her house, but she could not say positively who those persons were. She had on other occasions seen Saward, Anderson, Atwell, and Hardwicke at her house, but not all together.

Mr. Wilson, clerk to Mr. Turner, the solicitor, proved that Atwell applied to him to recover a debt from a person named Hesp, and that the usual proceedings were taken, and £30 were paid, which sum he handed over to Atwell. He also proved that a similar proceeding took place with reference to a supposed debt of £103, and he afterwards gave a cheque to Atwell for the amount.

Mr. Turner proved that in March last he was robbed of his pocket-book while walking along the street, and that it contained some blank cheques. The cheque for £410 7*s.* was drawn upon one of those cheques, and was a forgery.

Evidence was then given that Anderson had represented the persons who were supposed to have owed the money to Atwell, and that he received the letter written by Mr. Turner, making application for the amounts.

A clerk from Messrs. Gosling and Co.'s proved that he paid the cheque for £410, and that Hardwicke was in the bank at the time, and put some questions to him.

Hardy, another young man who had advertised for a situation, proved that Anderson, under the name of Taylor, sent him with the cheque for £410, and told him to get eight £50 notes, and the rest in gold. He obtained the money and gave it to the prisoner.

Evidence was then given as to the payment of the two cheques, purporting to be drawn by Mr. Baldwin for £100 and £50 at Messrs. Hankeys'. A third cheque was presented a day or two afterwards, but this was not paid.

Mr. Daniel Baldwin, of the firm of Smith and Knight, railway contractors, said it was his duty to sign the cheques of the firm, and that those now produced were forgeries.

The boots and porter of the Four Swans and the White Hart, Bishopsgate Street, proved that they presented the two cheques for £100 and £50 at Messrs. Hankeys', and that they handed the money to the prisoner Anderson.

Mrs. Dixon proved that she was cousin to Hardwicke. She said that she knew the prisoner Saward as Mr. Sharp. (A laugh.) After she had

heard of Hardwicke being in custody, Saward came to her house and inquired if she had seen anything of Hardwicke, and she told him that the officers had searched Hardwicke's apartments in Nelson Square. He appeared very much surprised, and asked her if she knew what he was detained in Yarmouth for, and at the same time said there was nothing of any consequence there, but there was no knowing what it might lead to. He then asked if there were any letters there for Mr. Hardwicke, and she gave him two letters, and he burned them, and said, that if any one inquired if any letters had been left there for Mr. Hardwicke, she was to say that some letters had been left, but that a lady had called for them.

Samuel Cole, barman at the Magpie public-house, Bishopsgate Street, proved that Saward was at that house during the greater part of the day on which the two forged cheques for £100 and £50 were presented. Anderson and Hardwicke were with him during some part of the time.

Mr. E. J. Wimbush, the landlord of the Magpie, gave similar evidence.

A number of witnesses were then examined to show that the prisoners and Hardwicke and Atwell had been repeatedly seen together, and also that Anderson had engaged different lodgings in false names, and that he had obtained possession of the letters that were sent by the different attorneys at Yarmouth applying for the fictitious debts claimed by Atwell.

Mr. Morris, a clerk at Messrs. Barclay's, proved that on the 11th of September Hardwicke paid in a sum of £250 in the name of Whitney, to be transmitted to Yarmouth through their agents, Messrs. Gurney. A few days afterwards Anderson made an application respecting the money, and wished that it should be paid to a person named James Ralph, at Yarmouth, and he said that Whitney had gone to Germany.

John Moss, a City police-officer, deposed that on the 26th of December he went to an eating-house in John Street, Oxford Street, accompanied by Huggett, another officer, for the purpose of looking after the prisoner Saward. He inquired for Mr. Hopkins, and was told that he was just gone out, and that he would be found at a public-house in Oxford Market. Huggett went to the place indicated and witness remained behind, and in a short time he observed a door in a room of the back opened very gently, and he immediately went in and found the prisoner Saward in the room. He said to him, "Mr. Hopkins, I have been looking for you;" and he replied, "My name is not Hopkins." Witness said, "No, I believe it is not —it is Saward." The prisoner replied, that he was mistaken. Witness then told him that he charged him with being concerned with two other persons, named Hardwicke and Atwell, in forging a bill of exchange for £1000, and that he must go to the City with him. The prisoner replied that he knew nothing about it. By this time Huggett, his brother officer, had returned, and they were about to leave, when the prisoner wished to go

to the water-closet. Witness told him he might go, but he must search him first, and he did so, and found two blank cheques upon the St. James's branch of the London and Westminster Bank in his possession. When he took them from him the prisoner said, "Oh, they are nothing, destroy them." After this the prisoner expressed no desire to go to the water-closet. As they were going along in the cab the prisoner said, "Well, I suppose it is no use holding out any longer, I am Jem Saward."

Saward here asserted that he never made use of this expression, and said that all along he had emphatically denied having done so.

Huggett, the other officer, corroborated the evidence given by Moss, and this concluded the case for the prosecution.

The prisoners did not put a single question to any of the witnesses, and when they were asked if they wished to make any defence, they both replied, that they had nothing to say, Saward adding that he left himself entirely in the hands of the Court.

The CHIEF BARON then summed up, reading over carefully the evidence given by the witnesses Hardwicke and Atwell, and pointing out where they were confirmed by the other witnesses.

The jury were only in deliberation five minutes, and they then returned a verdict of Guilty against both prisoners.

Sir F. THESIGER said he was instructed by the Bankers' Association, who were the prosecutors, to state on behalf of Anderson that there was reason to believe he had been made a tool of others, and also that he had given important assistance in getting up the prosecution.

The CHIEF BARON said he should postpone passing sentence until the next day.

CENTRAL CRIMINAL COURT, *March* 6, 1857.

To-day James Townsend Saward and James Anderson, found guilty on Thursday of forgery to a large extent on the metropolitan banks, were placed at the bar to receive sentence.

Both prisoners presented a very dejected appearance, particularly Saward, who held his head down during the whole of the Chief Baron's address to them previous to passing sentence.

On being placed at the bar,

The Clerk of Arraigns called on each of them, and said—You are convicted of forgery. Have you anything to say why the Court should not proceed to pass sentence upon you?

Saward.—Before your Lordship passes sentence in my case, I humbly ask you to defer it till next session. I have no objection to make of the verdict on the evidence adduced, or of the impartial, just, and impressive summing-up of your Lordship; but I make the application under the

following circumstances :—I ask at your Lordship's hands to be shown a little consideration, in consequence of my unfortunate and defenceless position; and perhaps your Lordship will have the kindness to order that a copy of your Lordship's notes on the evidence of certain witnesses which I will name, shall be lodged with the Governor of Newgate, to be made such use of as I may be hereafter advised.

The Chief Baron.—Your request is entirely novel. I never heard in the whole of my experience, nor have I met in the whole course of my reading, of such an application being made, founded on no grounds whatever.

Saward.—My position is a most unfortunate one.

The Chief Baron.—You do not state for what object you want my notes of the evidence.

Saward.—My reason is, that I consider much of the evidence received yesterday was inadmissible.

The Chief Baron.—Then the proper course for you to have pursued was to have objected yesterday to its admission. I thought the whole of the evidence was admissible. It was the subject of continual consideration in my own mind, and its admission was frequently the result of the joint opinion of myself and Mr. Baron Bramwell, whose aid and assistance I have had on this occasion. I was myself very careful not to admit anything that did not appear to me to be evidence. I objected at first to the admission of certain matters, but, after consideration, they appeared to me to be admissible, and I admitted them. You do not now state any grounds for your application, except that you want the notes. You do not state what objection you have to take, and it appears to me that you only want them to have an opportunity of finding out some objection.

Saward.—Just so, my Lord. I was not aware until yesterday morning that I should be undefended.

The Chief Baron.—I can be no party to your application founded on that objection. The appointment for the trial was made, and the arrangements concluded, as early as Saturday last. You are perfectly aware that you ought to have made such an application earlier, or, at any rate, that you ought to have made application on affidavit, prepared by an attorney, and which should have stated why you were not prepared with counsel. I think you are quite as well circumstanced now as you would have been had such an application been made.

Saward.—The briefs were prepared yesterday, but unfortunately I could not get the money in time.

The Chief Baron then proceeded to pass sentence in the following terms :—James Townsend Saward and James Anderson, you are to receive the judgment of the Court, founded on the verdict of the jury delivered yesterday, which pronounced each of you to be guilty of the offences

charged in the indictment, that of forging and uttering, on the 18th of August last year, an order for the payment of £100, which order was described in various counts of that indictment also as a cheque. The trial lasted many hours. Much evidence was given, and much which in one sense might be considered somewhat unusual, and which I pointed out to the attention of the jury in summing up the case last night. It is not usual in the administration of the criminal justice of this country to have more than one crime proved at a time against one person charged with many, but, as I then stated, and think it right again to state, for the purpose of making out a guilty knowledge by any person included in the indictment, it was necessary to prove the commission of crimes, and the rule that excludes evidence of the commission of other crimes, for fear of creating prejudice against a prisoner, ceases, and it then becomes the imperative duty of the judge to admit that sort of evidence which otherwise he ought to reject. The case against you, made out yesterday, presents one of the most astonishing and alarming instances of crime that it has been my misfortune to witness on any occasion since I have been a judge, and I am not aware that the history of the criminal justice of this country presents any case more formidable than that which was disclosed by the evidence adduced against you yesterday. It is a maxim in the administration of the criminal law, that combination renders crime more mischievous and alarming, and that it calls for greater severity of punishment than when a crime has been the single act of one individual; and there never was a clearer specimen of the proof of the propriety of that practical maxim than appeared yesterday in the evidence against you. It was made out to the satisfaction of the jury, and to my entire and perfect satisfaction, that there had existed for many months, possibly for many years, a combination, of which you, James Townsend Saward, were a party, by which the crime of forgery was to be committed—by a combination of parties, all of them involved in the same guilt. With the assistance of a person unconscious of the crime he was furthering—innocent, so far as any intention on his part was concerned, altogether of the offence, but, by extraordinary ingenuity and contrivance, made not a reluctant, but a ready assistant in the crime—by such means as these, it is made perfectly clear that, in a great many instances, crime was successfully perpetrated with perfect success and security, and for a long period the guilty escaped the justice of the country. This scheme appears to have been carried out, by a strange connection with burglars and pickpockets, to obtain blank cheques and cancelled cheques, and where the latter could not be obtained recourse was had to fictitious actions, whereby the writing of the party was obtained by his cheque being given for the amount recovered, and thus facilities were obtained for imitating his handwriting. At length an accident gave a clue to the whole matter, it was brought forward for public investigation, and then the whole truth became

manifest. It was then distinctly proved that you, James Anderson, inveigled innocent persons, as I have described; and you, James Towns end Saward, actuated by that caution in which you apparently prided yourself, freely communicated with those men who were stamped with the character of felons, and who could scarcely be credible witnesses against you. You cautiously kept out of the way when cheques had to be presented or money to be paid or received; but it so turned out that the proceedings of some of the party at Yarmouth and Norwich were discovered, and there could be no doubt that the letters were in your handwriting, as well as the writing on the forged documents. It is impossible to doubt the truth of the statements made yesterday by Atwell and Hardwicke, however unworthy of credit they may appear to be from the crime which stains their past life and character, that you both were parties to the entire scheme of sending forth to the world the cheques and bills that were produced yesterday, at the bottom of which scheme you, James Townsend Saward, were probably the most conspicuous. Formerly, there can be no doubt but that each of you would have expiated your crime by an ignominious death. I rejoice, however, that I have not to pass that sentence, but whatever the law holds out with a view to deter from such offences, appears to me to be the just measure of punishment to persons who have filled up the largest measure of crime. I was requested yesterday to take notice of the case as regards one of you, with a view to a mitigation of the sentence, but after full consideration, I feel bound not to listen to the appeal of Sir F. Thesiger; and had the prosecution been conducted by the Attorney-General, and had he made a similar application, I should have felt bound not to comply with it, but to pass the full sentence, leaving it to the Executive to consider and determine thereon. Should an application be made to the Home Secretary, and I am applied to, I shall have much pleasure in giving it my careful attention. In the present state of the case, I can make no distinction between the cautious person who, though privy to the whole transaction, screens himself, as far as possible, from being personally mixed up with it, and the person who has acted as agent, but who has displayed a capacity for crime, and an ingenuity and an abundance of resource for the purpose of committing that crime, worthy of a better cause, and which would, in all probability, have produced wealth, and whatever might have rewarded successful ingenuity, if it had received a virtuous, instead of a criminal direction. I lament, with respect to you, James Townsend Saward, that you must have been at one period of your life in circumstances far different from those in which the Court has found you involved. It is stated, and not denied, that you are a member of an honourable profession; and I deeply regret that the ingenuity, skill, and talent which has received so perverted and mistaken a direction, has not been guided by a sense of virtue, and directed to more honourable and useful pursuits. I am called

upon to pass sentence upon you, and, for the reasons that I have assigned it is impossible for me to stop short of the utmost limit to which the law permits the punishment to proceed. Any mitigation that may accrue to either must come from a different source. The learned judge then passed sentence of transportation for life on each of them in the usual terms.

The prisoners were then removed from the dock.

CHAPTER XI.

THE LONDON AND EASTERN BANKING CORPORATION—THE FRAUDULENT TRANSACTIONS OF COLONEL W. PETRIE WAUGH AND MR. J. E. STEPHENS.

The Formation of the London and Eastern Banking Corporation—Species of Business conducted—The Parties who took the Lead in the Transactions—The Character of Operations intended—The Divergence from the regular Path into personal Advances to the Directors and Managers—The Prominent Parties in these Affairs were Colonel W. Petrie Waugh, a Director, Mr. Stephens, the Manager, and Mr. Black, the Secretary—The Absorption by the former of nearly the whole of the Capital of the Bank—The Decadence of Business, and final Liquidation of Affairs—Flight of Waugh and Stephens—The Bankruptcy of the principal borrowing Director and Manager—The Bankruptcy of the Bank, and the Order for Winding-up in the Court of Chancery.

Some years since, there existed a joint-stock company instituted for banking purposes whose seat of management was in London, but the scene of whose operations was India, known as the London branch of the Simla Bank. Its connection was not extensive, but so far as it went it was respectable, and generally supposed to be profitable, though probably not sufficiently so, in consequence of the limited amount of its business to meet the expectations of its proprietors. It occurred to certain gentlemen, who were associated in, and acquainted with, the circumstances of the institution, that by widening the sphere of its action, and superadding to the Oriental connection an extended London business, that the one would serve the other, and that a bank might be established upon the metropolitan joint-stock principle, which would afford an ample return for the capital invested, or at least provide lucrative

appointments and valuable patronage for the projectors and their friends.

Towards the latter end of the year 1854 the scheme of the London and Eastern Bank was first submitted to the public. In whose individual mind the idea originated does not now very clearly appear, and as it rarely happens that men are over anxious to claim the parentage of that which eventuates in failure, and failure brought about by fraud, it is not likely that upon this point the world will ever be more enlightened than it is at present. Nor, unless it could be shown that those who were the original promoters of the company were the same persons who afterwards, as directors and managers, helped themselves to the funds of their co-proprietors and the customers of the bank, is this a matter of any moment. Suffice it to say, that the project was favourably received. The prospectus, which announced its coming advent and detailed the special advantages it offered to investing capitalists, did not claim the countenance or support of any great financial authority, nor did the published lists of directors, at any period of its comparatively brief history, include persons whose experience in commercial matters, known business habits, successful dealings, or ample resources, entitle them to weight and influence in trading and monetary circles. But the plan of the London and Eastern Bank was an attractive one, and it was conceived at an auspicious moment, when the tide of popularity in favour of banking investments had decidedly set in. The success of the joint-stock principle, as applied to the trade of banking in London, had been established beyond question, and was confirmed by the liberal profits those institutions periodically divided amongst their proprietors; and notwithstanding that there had been one or two serious failures of Oriental banks, banking in India was regarded as a mine of wealth, which only required to be worked with ordinary ability, combined with prudence and integrity, to produce large returns

to those who embarked in it. Applications for shares were, under these circumstances, numerous, and no difficulty was experienced in allotting them to a respectable and solvent proprietary. For the most part the shares were taken up by persons who evidently connected themselves with the company *bona fide* as an eligible mode of investment, and not as mere speculators, and the adhesion, as contributaries, of several officers of high position and character in both the military and civil services of the East India Company, at once gave to the concern a prestige of stability, which, but for the fraudulent conduct of those who were unquestionably trusted with the management, would in the end, no doubt, have commanded public confidence, and conduced to permanence and prosperity.

In September, 1854, the deed of settlement was executed, and in January, 1855, the requirements of the Board of Trade having been duly complied with, a charter of incorporation, under the Joint-Stock Companies' Act of 1844, was granted; whereupon the company opened its doors, and commenced trading under the high-sounding title of the "London and Eastern Banking Corporation." It would appear that the selection of a suitable manager was a matter which received from the first directors all the attention which so momentous a question demanded. Mr. J. E. Stephens was a shareholder —he had had some Indian experience—was known to Lord Gough and other Indian officers of high rank, for whom he had transacted business—was presumed to be well acquainted with the Indian exchanges—and, to some extent, possessed the advantage of Indian influence.

Placed in a position of so much responsibility and importance, it would naturally be expected that Mr. Stephens should lose no time in affording tangible proof, not only that he possessed the mental resources, the experience, and the sway for which his co-directors had given him credit when they made the appointment, but that he also had the energy to make

those valuable qualities available in bringing business to the bank. The mode in which he, in conjunction with certain other members of the board of management, proceeded for the accomplishment of this object was singularly ingenious.

Amongst the earliest customers who presented themselves at the counter, introduced by the manager, was the Letts' Wharf Timber and Sawing Mills Company, the sole partners in which were Mr. Stephens, the manager, and Mr. Black, the secretary, of the London and Eastern Bank. The kind of business which this firm sought to transact with the bank was a cash-credit upon their notes of hand. In his examination under the Scotch process of sequestration, by which, subsequently to the failure of the bank, he endeavoured to release himself from his liabilities, Mr. Stephens admitted that the entire capital with which this timber and steam-sawing concern was carried on consisted of loans obtained from the bank. Another customer, brought through the influence of the manager, was the firm of Minter and Co., upholsterers and invalid chair-makers of Soho. What the extent of their transactions averaged, or represented, in the absence of the bank books, can only be matter of conjecture; but they appear to have been precisely of the same character as those of the Letts' Wharf Company; and the only partners in the firm were the same, viz., Messrs. Stephens and Black, who in this case, as in the other, introduced themselves in their character of customers, to themselves in their respective capacities of bank manager and secretary. Barwise and Co., watchmakers, of Piccadilly, were also borrowing customers of the London and Eastern, but here there was a slight change in the *personnel* of the firm—one of the co-directors of Mr. Stephens being substituted for Mr. Black, the secretary, as the second partner.

How many other trading firms, in and out of London, Mr. John Edward Stephens and his coadjutors in the direction of the London and Eastern Banking Corporation, were en-

gaged in, and for which all the capital was supplied from the same source, or what was the aggregate loss that entailed upon the unfortunate shareholders of this mismanaged undertaking, it is difficult to estimate; but, taken altogether, the amount sinks into insignificance when compared with the total abstractions and sacrifices occasioned by the fraudulent advances which, by the assistance of the manager and certain other members of the board, one of their body, Colonel Waugh, lately the proprietor of Branksea Island, was enabled to obtain.

Looking at all the circumstances of the colonel's connection with the bank, it is difficult to come to any other conclusion than that he originally conceived the scheme, and selected directors, manager, and secretary, all the arrangements of the establishment seeming to be made by him to suit his own special purposes. That Mr. Stephens was his subservient and pliant tool, is beyond doubt; and it is equally clear, that if the speculations to which the funds subscribed by the too confiding shareholders were by these two gentlemen predestined, turned out successful, he was to receive an ample recompense for his services. Mr. Stephens had not long been installed in his office of manager before the following entry was made in the minute-book:—"The manager brought before the board the wish of Colonel Waugh, of Branksea Castle, to become one of the bank's connections, and stated that his account would be a very large and profitable one for the bank, as he intended to embark in large transactions as a clay and brick manufacturer at Branksea: Resolved, that Colonel Waugh's wishes with regard to opening an account, and receiving business accommodation from the bank, be duly met." That Mr. Stephens had a direct interest in promoting this arrangement for credit accommodation, he explains himself. He was a partner, and the only partner, with Colonel Waugh in the clay and brick works at Branksea Island, of which the colonel was the proprietor in fee-simple, the conditions of the

partnership being, that the colonel should find the land and the clay, and Mr. Stephens should facilitate the necessary advances of capital to work it. It is true that Mr. Stephens paid in to the account of the Branksea Clay Company one sum of £250, at the commencement of the partnership operations, which, he says, was all the money he contributed, and which, to judge from the total amount of the numerous cheques drawn by the Branksea Clay Company in favour of that individual, must have returned him some thousands per cent. per annum.

Colonel Waugh having been accepted as a customer, the character of "the large and profitable" account he was to keep with the bank soon became apparent. On the 22nd of March he commenced operations by lodging his acceptance for discount for the sum of £2630; upon the 23rd he drew cheques on the credit of this bill for £775, which were duly honoured; and between that and the 28th he drew altogether to the amount of £2779, having paid in out of the proceeds of these drafts £300. Upon this same principle the transactions between the bank and the colonel proceeded from the beginning to the end—the bank advancing its hard cash for the colonel's paper—affording the means for taking up the acceptances as they became due, by discounting other bills, etc., *ad infinitum*. True, this system of false discounts afforded the manager the opportunity of parading in his periodical balance-sheets an apparent profit, and gave the directors the semblance of a justification in declaring a respectable dividend; but it was a profit that was figurative in every sense of the word, and represented money only in so far as it measured the price which had been paid to Colonel Waugh and other members of the board for their patronage and custom.

In the May of 1855 he had increased his debt to £17,000, and then it occurred to him and his friend the manager that it would be advisable to increase his interest in the concern by becoming a shareholder to a considerable extent.

Accordingly he purchased sixty shares from Mr. Stephens, paying for them by a loan from the bank of £3000. In July he had become a debtor to the concern to the extent of £50,000, and then he is considered by the board to have a sufficient stake in the concern to qualify him for the directorate; and at the annual meeting which took place on the 16th of July, 1855, he was nominated and elected, taking at the same time a transfer of 134 shares from a Mr. Griffith, a previous director, who then retired, no doubt delighted at the opportunity of leaving a concern which he could not have been but convinced would, sooner or later, bring all who were connected with it to ruin, and many of them to disgrace. As a matter of course, with Colonel Waugh's position as a director, "his influence over the till" increased; and accordingly it seems that when, in January, 1857, the books were made up to the end of the previous year, there was a balance due from him upon his own private account of £52,962, which was liquidated in the usual manner by discounting his acceptance for that amount, charging him with £1348 6*s*. 6*d*. for the accommodation, and setting that sum down in the books as so much profit realized by the bank. Besides this he owed £98,000 on borrowed notes, and £44,000 on a promissory note given in discharge of an adverse balance on another account, the Beddington estate fund, the Beddington estate being a property in which his step-son, a Mr. Carew, was interested; while in the April following there were further acceptances standing against him of Carew's, but which he had discounted at the bank, amounting to £18,000. Here is a total of indebtedness incurred within twenty-five months of £213,000 by one man, practically without any available security; and this amount, during the very few remaining weeks that the doors of the bank continued open, was increased to £244,000, or within £6000 of the entire subscribed capital of the company.

How long this system would have gone on, or what the

extent of the ruin in which the proprietors and creditors of the London and Eastern Banking Corporation might have been involved, had no extraneous occurrence interposed, can only be estimated by the extent of credulity which in public companies the plausible statements of directors generally command. But in September, 1856, an event took place which excited alarm and consternation in the joint-stock banking interest generally, and led the proprietors of even the soundest of these institutions to look vigilantly about them, and satisfy themselves as to the security of their position and the probity of those to whose hands they had entrusted the management of their affairs. The failure of the Royal British Bank, which induced the directors of the metropolitan and other leading and well-established banking companies to volunteer assurances to their constituencies and invite investigation, was not likely to pass unheeded by the active managers of a concern like the London and Eastern Bank. They therefore took steps to set their house in order, and passed a resolution that for the future no sum be advanced to any director without security of the same nature and extent as would be required from any constituent; and that should a director be indebted in the sum of £5000, no further loan or advance be made to him without the sanction of the weekly board. A somewhat curious scene must have been enacted at the particular meeting at which this significant resolution was adopted. The chairman, having called attention to the strictures of the press upon the practice of directors of joint-stock banks helping themselves to loans, each person present found it necessary to say something in excuse for taking the money entrusted to their care; one, as in the case of the chairman, for the purpose of making a comfortable settlement for his daughter on her marriage with the manager, by converting into ready money certain worthless promises to pay; others, as the manager, Colonel Waugh, and Mr. Latty,

and perhaps Captain Fendall, for having employed the funds of the bank in brick and tile works, watch-making, chair-making, carpet-weaving, and a score of other entirely speculative enterprises, from which, upon the principle of "heads I win, tails you lose," all the profit, if any, was to be their own, and all the loss the luckless shareholders'. There can be very little doubt that the termination of this instructive assembly was a general shake-hands, and the confession mutually exchanged that they were all in the wrong.

But late, and practically useless, therefore, as was this virtuous resolve, it was set aside the moment that the owner of the Branksea estates required money. On the 26th of November, two bills of £4000 each were discounted for him, and in the following month he obtained £20,000 more in the same way; and the only explanation the manager was able to give for thus setting the resolution of the board at defiance was, that "it was impossible to stop the account of Colonel Waugh suddenly."

Early in the following year (1857), the London and Eastern Banking Corporation succumbed to a destiny which, with such a species of management, it was impossible to avert. An attempt had been made to wind-up the concern quietly, in order to avoid the disgraceful exposures which have since taken place. In some respects it is well that the endeavour was unsuccessful, for the revelation and punishment of such offences as those of which the directors of this bank were guilty are not only necessary to prevent the repetition of them in their own persons, but as an example to deter others. It is unfortunate for the shareholders, who must make good the deficiencies, that the more expensive process of winding-up in Chancery has been resorted to for realizing the assets and liquidating the debts, instead of the Court of Bankruptcy; but the liabilities having been ascertained, and the proceeds of Branksea Island and Castle, with the other assets estimated, a contribution of

£50 per share from such of the shareholders as are solvent, in addition to the £50 paid up, will, it is thought, be sufficient to provide the means for paying off the whole of the depositors in full, and defraying the heavy law costs of the proceedings. Colonel Waugh, as might have been anticipated, decamped immediately after the failure of the bank was announced; and, with some £10,000 or £12,000, it is alleged he managed to secure, is carrying on various mining speculations in Spain, in the hope of retrieving his pecuniary position; but the exposure made in a case lately tried in the Court of Queen's Bench would lead to the presumption that he will attempt to seek even a more distant retreat, to avoid contact with the "minions of the law," who may be supposed to be interested in facilitating his return to this country. The power both of Bankruptcy and Chancery can be brought into operation against him, if the creditors or the shareholders think fit; but it seems that, in these days of mercantile degeneracy, the public allow great financial criminals to escape through the absence of the proper co-operation.* A more barefaced and disgraceful fraud than that perpetrated by Colonel W. P. Waugh was never committed, and his ready assistant, Mr. Stephens, found that his endeavour to avail himself of a Scottish residence for the purpose of relieving himself from his liabilities without publicity was unsuccessful, and having on his examination compromised his position, he quietly withdrew, and has also, like his great friend and prototype the colonel, sought refuge abroad. Black, the secretary, has made terms of compromise with his creditors, and is therefore in a less embarrassing situation; but his conduct was in a great degree culpable, having been mixed up with Stephens in several of his pecuniary transactions.

* At a meeting of the creditors held in December, 1858, it was agreed to divide the assets under the estate of Colonel Waugh, leaving Chancery to deal with the fugitive bankrupt, if his presence was necessary.

The shareholders of the London and Eastern Banking Corporation have been severely victimized; and consisting, as they do, of a class of titled personages and others associated with high military and civil appointments in India and the Colonies, the large proportion of shares they held has rendered the pressure proportionably onerous. As, however, they stand committed to the tender mercies of an official liquidation, with all the machinery of managers, etc., any escape except under judicial arrangement is impossible; and although the bank itself has been made bankrupt, the process in that respect is little more than formal, the entire control of the assets, their distribution, etc., being still retained by the Court of Chancery. Among the very worst cases on record must for the present stand that of the suspension of the London and Eastern Banking Corporation, with its model adventuring director, Colonel W. Petrie Waugh, and its trade-promoting manager, Mr. J. E. Stephens.

THE BANKRUPTCY OF JOHN EDWARD STEPHENS, MANAGER OF THE LONDON AND EASTERN BANK.

THE examination of John Edward Stephens, whose name was published as a bankrupt in the *Edinburgh Gazette*, and who was described as "formerly banker, and lately of Gothic Lodge, Twickenham, Middlesex," commenced before Sheriff Hallard, at the Court of Bankruptcy, Edinburgh, on December 7th, 1857. The sederunt included Mr. George Young, advocate, counsel for the trustee and creditors; Mr. Graham Binney, trustee; Mr. James Webster, agent in the sequestration; Mr. A. R. Clarke, advocate, counsel for the bankrupt; Mr. James F. Wilkie, agent for the bankrupt; Mr. Charles James Fife Stewart, London, interim manager of the London and Eastern Banking Corporation; and a number of creditors. The bankrupt, on being examined, deponed as follows:—

"I came to reside in Scotland in June last. I was manager of the London and Eastern Banking Corporation before I came to Scotland. I was appointed to that office in June, 1855, and I was relieved from the situation on the 11th of April, 1857. I was a shareholder of the bank, and was one of the directors from 1855 till July, 1856, when I left the

direction, and was reappointed in September, 1856. I think it was upon the 23rd of the month that I was re-elected, and thereafter I continued to be a manager until I left in July, 1857. I was a director and shareholder for four years prior to my sequestration of the Eastern Steam Navigation Company. From the end of 1855 till my present sequestration, I was a partner of a company known as Letts' Wharf Company, sawyers and timber merchants, Commercial Road, Lambeth. There my sole partner in that concern was Mr. James Black, secretary to the London and Eastern Bank. In 1856 I became a partner of the firm of Minter and Co., upholsterers, Frith Street, Soho Square. It was on the 29th of September of that year that I became partner of that firm. Mr. James Black, already mentioned, was my only partner in that concern also, and we commenced it together. From October till November, 1856, I think I was also a partner of the Branksea Clay Company; but for a more accurate specification of the dates than I can at present remember I refer to the cancelled deed of copartnery now in the hands of the bank. My sole partner throughout the latter concern was Colonel William Petrie Waugh. He was also a director of the aforesaid bank. I now remember that I was at one time connected with a watchmaker's business, called Barwise and Co., Piccadilly, London. I was a partner of that concern from 1855 to 1857. The sole partners were Mr. Robert John Lattey and myself. Mr. Lattey was a director of the London and Eastern Bank. The account kept between Letts' Wharf and the bank was a cash credit account, upon security. It was opened on the 22nd of December, 1855, by the authority of the directors of the bank; and being asked how that appears, deponent desires the minute-book of the bank to be shown; and being shown the minute-book of the directors from the commencement of the bank till the 14th of August, 1857, depones: I am unable to find in that book any authority for opening the account in question. The book shown to me is chiefly in my own handwriting, each minute of a meeting being at the end thereof initialed by the chairman. But I beg to say that a good deal of the business of the bank does not appear in the said minute-book, which is the weekly minute-book. I have no doubt but I obtained the authority of the director of the day to open the account in question. The business was entirely carried on with money drawn from the bank with the cognizance of the directors. The business of Minter and Co., which I carried on along with Mr. Black, was a business of upholsterers and manufacturers of invalid chairs. An advance of £2800 was taken for that business from the bank on the 26th of September, 1856, and I now see a "borrowed note" of that date for that amount. The whole of that document is in the writing of Mr. Black, including the signature of Minter and Co. That advance was passed by the directors, as shown by the minute of a meeting of the board of directors of that date. The chairman of that meeting was Mr. John

Morris, and the entry is in his handwriting. Mr. Morris is now my father-in-law, though he was not so on that date. He became my father-in-law next day. (Laughter.) Colonel Waugh was proprietor of Branksea Island and Castle, near Poole, Dorsetshire, and the Branksea Clay Works are on that estate. [Shown the minute-book of the directors.] I find in the minute of meeting of 30th March, 1855, which is in my handwriting, the following passage:—"The manager brought before the board the wish of Colonel Waugh, of Branksea Castle, to become one of the bank's connections, and stated that his account would be a very large and profitable one for the bank, as he intended to embark in large transactions as a clay and brick manufacturer, at Branksea—Resolved that Colonel Waugh's wishes with regard to opening an account and receiving business accommodation from the bank be duly met." On the 22nd of March, 1855, an acceptance of Colonel Waugh's for £2630 was discounted to him by the bank; and on the 23rd of March his drafts to the credit of that bill were honoured to the amount of £775. The result is, that the bill, minus the discount, was placed to his credit on the 22nd of March, and that his drafts on that bill, to the amount I have mentioned, were honoured on the 23rd. Between the 23rd and 28th of March inclusive, his drafts were honoured to the extent of £2779. Against these drafts there stood at his credit—1st. The sum of £2524 13*s.* 4*d.*, being the amount of his foresaid bills, minus the discount; and 2nd. The sum of £300 which he paid in on the 28th of March. His foresaid bill was discounted and put to his credit by the authority of the directors of the bank; and the matter was brought before the directors at their first meeting on the 30th in the manner before stated. These transactions were entered into Colonel Waugh's private account with the bank in his own name. Colonel Waugh proposed to me to become his partner in the Branksea Clay Company. I think he must have done so about May, 1855. I agreed to become his partner, and the partnership was formed accordingly between us. We were the only partners in the concern. I was to help him to get the profit out of it, and to assist the manager by my advice. On the 21st of May, 1855, I paid £250 to the Branksea Company's account with the bank. That was all I contributed. My share was one-half, Colonel Waugh holding the other, and I was to have half profits and bear half loss. I was a manager of the bank during the whole time that I was a partner. Colonel Waugh's private account with the bank was kept quite separate from the clay work account with the bank.

Examined by Mr. WEBSTER.—I have before me a copy of Colonel Waugh's private accounts with the London and Eastern Bank, and I see there a sum of £52,962 entered at his credit, being the amount of a promissory note by him to the bank, of date 16th of January, 1857, less the sum of £1348 6*s.* 6*d.* for discount. The bill was discounted for the purpose

of closing the balance then at his debit, which was overdrawn by that amount. I see in that account an entry of a balance of £1562 12*s.* 6*d.* against Colonel Waugh, of date 18th of April, 1857. Besides this balance, Colonel Waugh was at that date indebted to the bank £52,962 in his promissory note formerly referred to. [Shown acceptances of Mr. C. Henry Carew to Colonel Waugh, and all bearing his indorsation—two for £4000 each, being dated 4th of November, 1856, and two for £10,000 each, dated December 6, 1856.] These bills were discounted by Colonel Waugh at the bank, and the contents were placed to his debit; and they form liabilities to the bank by him in addition to the £52,962. They formed liabilities, however, to which Mr. C. H. Carew was a party. [Shown five borrowed notes granted by Colonel Waugh to the bank—two for £5000 each, two for £10,000 each, and one for £68,000, and dated respectively 17th November, 23rd November, 17th December, 31st December, 1855, and 26th September, 1856, amounting altogether to £98,000.] These are all liabilities by Colonel Waugh to the bank over and above those previously mentioned. Besides his private account already mentioned, Colonel Waugh kept another account with the London and Eastern Bank, called the Beddington Estate Fund; and in March, 1857, the sum due to the bank on that account was £44,082 3*s.* 4*d.* A promissory note by Colonel Waugh for this sum had, on the 17th November, 1856, been placed to the credit of the said Beddington Estate Fund account, to write off a debit balance of nearly that amount. There was also an acceptance by Mr. Francis Carew to Colonel Waugh for £15,000, of date 4th December, 1856, which was discounted by the bank, and placed to the Branksea Clay Company's account, to right of a previous balance. Colonel Waugh drew and endorsed that bill. The date at which it was discounted was the date of the dissolution of the company. I never, either as an individual or through the Branksea Clay Company, of which I was a partner, received any of the money drawn from the bank by Colonel Waugh, and placed to the debit of his private account. Bankrupt's attention being called to the bank ledger, and to various entries in Colonel Waugh's private account of sums debited to him as paid to the Branksea Clay Company, and one of £3800 paid to the bankrupt, and being asked if he had any explanation to give which would reconcile those entries with his last answer, said—I never received for my personal benefit any sum through the Branksea Clay Company, though sums were at different times placed to the credit of that company, of which I was a partner. My attention being called to the second entry, "£250 ditto, ditto," I give the same answer. In reference to the third entry, "Paid J. E. Stephens £3064 2*s.* 2*d.*," that was for shares of the bank which I sold to Colonel Waugh. With regard to the next entry of the 11th June—viz., "£900 paid to Branksea Clay Company"—I give the same answer as to the first and second. In reference to the fifth entry, "£1000," the sixth,

"£1693 12*s.* 1*d.*," and the last, "£2500," on 29th December, I give the same answer. With reference to the absolute negative answer preceding the answers I have now given in detail, I have now to explain that I misunderstood the general question then put to me, thinking it meant to refer to my receiving the amount for my exclusive personal benefit and without value. Was the debt due by you and your partner in the Clay Company not diminished by each of the sums so placed at the credit of that account by transfers from the personal account of Colonel Waugh?—Yes, it was. Was there any correspondence between you and Colonel Waugh showing the inducement which made Colonel Waugh ask you to become his partner?—I have no recollection of such correspondence, but such may have occurred. Being shown a letter dated Saturday, 9th June, beginning "My dear Stephens," and signed "W. P. Waugh," and containing the following passage:—"For joining with you I have a return, having capital at my back to entirely liberate myself; and you for finding me such capital have your share of the mineral property, whatever it may be;" and being asked whether this statement of the inducement of Colonel Waugh making you his partner is or is not correct, and whether there was any source then in your contemplation from which the capital was to be supplied excepting what was to be obtained from the London and Eastern Bank, of which you were the manager, said: There was. I had arranged with Colonel Waugh to advance him £6000 on mortgage, but the intention was not carried out, owing to the long delay which took place in preparing the mortgage papers; and Colonel Waugh having in the interval become indebted to a large amount to the bank, I did not wish to hold any mortgage preferable to it. Did you prefer letting him have £5000 from the bank without security, to lending him £5000 of your own?—The advances given by the bank were originally given on the security of a bond for £30,000 given by Mr. Francis Carew to Colonel Waugh, and two policies of insurance for £4000 deposited with the bank. Colonel Waugh deposited these securities on opening an account with the bank, and it must be an error on the part of the transfer clerk if it is not mentioned in the securities' book.

Mr. Webster.—With reference to the two bills for £4000 each, discounted to Colonel Waugh in December, 1856, at that date was the bank solvent?—To my knowledge it was not insolvent. In reference to the £3064 2*s.* 2*d.* paid to you on 10th May, 1855, on Colonel Waugh's private account, did you receive the same in cash?—The amount was transferred to my account with the bank in exchange for shares of the bank transferred by me to Colonel Waugh. Being pressed for a direct answer to the foregoing query, bankrupt said—I did not receive it in cash. Besides the several companies already mentioned, were you not also a partner with Captain Henry Fendel in a carpet company, prior to 12th March, 1857?—I was not. Were you not connected with him in any undertaking?—I

don't remember being so; there was a proposed company called the Patent Carpet Company, but I did not join it, to the best of my recollection. Shown the register-book of securities belonging to the bank, and his attention called to an entry on page 95, in which his name and that of Captain Fendal, and two others, occur in connection with the deposit of "patent rights in a new company for carpets," as being given in security for an advance of £1000, and again asked if he was not connected with that concern, bankrupt said—Such a company was formed, but I did not join it; I was not a partner, but I was an intended partner. Had you any connection with it except as proposed partner, who did not join it?—I had not. How did you dispose of your interest in it, did you not sell an interest in it?—I do not remember doing so.

By Mr. YOUNG.—I was present at the meeting of the board of directors on the 29th of September, 1856. Mr. Morris, who became my father-in-law on the following day, was present as chairman. The other directors were also present. The minute of that meeting contains the following passage:—"The chairman having drawn the attention of the board to the remarks which had recently appeared in the *Times* newspaper relative to advances made to directors of joint-stock banks, and specified the circumstances under which he deemed that he was justified in having sought and received assistance from the bank, a similar statement was made in full by Colonel Waugh, in respect both to the advances made to himself and to the Branksea Clay Company; and he stated his intention of paying into the bank, early in November, a sum amounting to about £150,000; and the manager having afforded an explanation relative to the account of Messrs. Noakes, Chapman, and Parson, Letts' Wharf, and other commercial accounts, and having stated the amount of each, these were approved of, and the following resolution was passed:—Resolved, that for the future no sum be advanced to any director of the bank without security of the same nature and extent as would be required from any constituent; and that, should a director be indebted in the sum of £5000, no further loan or advance be made to him without the sanction of the weekly board." I remember that two bills of £4000 each were discounted on the 25th of November, 1856, to Colonel Waugh by the bank, and the amount placed to Colonel Waugh's credit. And on 30th of December, same year, two bills of £10,000 each by Colonel Waugh were discounted, and the amount placed to his credit in the same manner. At the dates when these four bills were so discounted, Colonel Waugh was indebted to the bank in a large amount, much exceeding £5000. These discounts were made without the sanction of the weekly board, but with the sanction of one of the directors. The matter did not pass into the book before the directors. It was really sanctioned by the directors, though not recorded. I mean it was subsequently brought under the notice of the directors. I own I have no

explanation to give why this was done in face of the resolution of 29th of September, 1856, unless it is that it was impossible to stop the account of Colonel Waugh suddenly. The director who sanctioned the discounts of £20,000 to Colonel Waugh on the 30th of December, was Mr. Lattey, my partner in the watchmaking business. The director who passed the discounts of £8000 on the 25th of November preceding was Colonel Chadwick, who had no connection with me in business. I received a letter from Colonel Waugh, dated the 5th of January, 1856, in which he writes—"My dear Sir,—I understand more bills have become due. I shall be at the bank by half-past 11 A.M. on Tuesday, the 8th, and shall feel obliged by your having ready either a bill for my signature or a stamped receipt as before signed, thereby doing away with the necessity of so many bills. I had better sign sufficient to cover up till February what may be falling due till then." Did Colonel Waugh come to the bank on the 8th?—I do not know. Had you bills ready for his signature, or borrowed notes?—I see from the book that he came to the bank on the 8th, and signed promissory notes of that date for £30,000, which was then discounted, and which bill was laid before the weekly board in the usual way. I wish to explain that a list of bills discounted and advances made were laid before the weekly board, as will be shown by the minutes. When I look at the minute-book of the directors, I find it does not appear that the said promissory note, or any list of the discounts and advances made, were laid before the weekly board. Colonel Waugh fled the country, to the best of my knowledge, in April last. He was then indebted to the bank to the amount of £243,000 as shown in the accountant's statement. Did you still remain manager of the bank at the time Colonel Waugh absconded?—Until April 11. I was manager of the bank from its institution. I am the owner of some heritable property in London, being a house and stable at 17, St. James's Place. I bought the house and stable separately. I purchased the house in 1853, and it cost me, with some improvements I made in that year on it, £5040. I purchased the stable in September, 1854, at a price of £1607 3*s.* 4*d.*, making the total amount which I paid for both house and stable, £7107 3*s.* 4*d.* I was also proprietor of a house at Twickenham, called Gothic Lodge. I purchased the property on the 29th of November, 1855. What was the total amount of capital you expended on that house prior to the 18th of July, 1856?—I paid £160 for a hot-water apparatus that was fitted up, and I also purchased in addition some adjacent cottages, which I turned into offices; and the sum total which I spent on the property, prior to the 18th of July 1856, was £3186, 12*s.* 10*d.* At the time of the purchase, the property was in very bad repair. On the 18th of December, 1856, I paid the builder's account for repairs and improvements since I had the property, the sum of £2236 13*s.* I will furnish the account to the trustee. I had two or three acres of ground attached belong-

ing to this property. The total sum this property at Twickenham cost me was £6423 5*s.* 10*d.* I was married 30th September, 1856, to a daughter of Mr. Morris, who was chairman of the London and Eastern Bank. On the occasion of my marriage, a marriage settlement was executed between myself, my wife, and my father-in-law, and certain marriage trustees were parties. The substance of it was that I was to settle £16,000, and my father-in-law £4000 on my wife, and that the trustees were to have the money. The annual income of the said £16,000 was to be paid by the trustees to my wife during the marriage, and the annual income of the £4000 was to be paid to me unless I became bankrupt, in which case it also was to go to my wife; on the death of either, the survivor was to get the income of the whole £20,000, and on the death of the survivor, the whole £20,000 was to go to the children. On the 27th of September, 1856, I drew from the bank £12,000, and placed it to a deposit account in the name of "Henry Morris and others," the trustees. On the 29th of September, I gave Mr. J. C. Morris a cheque on my account for £4000, which was paid the same day. I drew both these sums, and applied them in anticipation of the marriage settlement, the terms of which had been arranged, and thereby implement my part of the money provisions in said settlement. I believe the trustees got the deposit receipt for the £12,000. I am still possessed of the house and stable in St. James's Place. At the date of my marriage, my father-in-law, Mr. J. C. Morris, was largely indebted to the bank. He was due £12,000 upon a borrowed note, dated 24th of April, 1856, and he was also due about £2000 in his current receipt with the bank. I had no other bank account except that kept in the name of the London and Eastern Bank. This account was one debt, which I owed at the date of my marriage. At that date I was indebted as follows:—Personal debts—(1), the foregoing account to the builder, £3236; (2), Mr. Rochat the jeweller, £82 9*s.* 6*d.*; (3), Mr. Benson, jeweller, £17 2*s.*; (4), account to Messrs. Buckmaster, tailors, £10 9*s.*; (5), debt to Colonel M'Leod, in India, £1665; (6), debt to Captain Stephens, £450; (7), calls due to Eastern Steam Navigation Company, £1350. At the date of my marriage I was not indebted to Lord Gough for money he had lent me. He had lent me money (£8000) before I left India. I gave a bond for that sum. I do not remember when I paid him back. Where did you pay him?—I paid him when he and I came home, in 1850. I had many transactions with Lord Gough. In my account of receipts and expenditure, I see, under date the 29th of August, 1854, an entry, "Lord Gough, interest of loan of £8000, £112 4*s.* 7*d.*" I beg to state I had money from Lord Gough to put into railway and other stock, for which I paid him interest, and that the amount of the principal so handed over to me by Lord Gough, will not be found either debited or credited in my bank account. I had a deposit account for £3500 in

my own name quite independent of the account with Mr. and Mrs. Fox.

At this stage the bankrupt retired for about ten minutes, along with his legal advisers.

The bankrupt, on his return, continued—I withdraw the answer above given, that upon the 26th of September, 1856, I had £3500 at my credit in deposit account. At the same time that I transferred to my credit the £3500, I also transferred to my credit the interest which had accrued thereon to that date, being £41 14*s.* 2*d.* What was your reason for transferring this money from the credit of the parties to whom it belonged, to the credit of yourself, to whom it did not belong?—I must decline to answer that question. On the 6th of November following, I retransferred the said sum of £3500 from my own credit, to the credit of the parties from whose credit it had been taken. Did you retransfer the interest?—I did not. After a minute or two the bankrupt said—That is a mistake. I wish to withdraw that last reply, and to say that I decline to answer. In my current account with the bank, under date 22nd July, 1856, there is this entry on the credit side: "Purchased 120 shares L. and E. Bank, R. Griffiths, £6000." That entry refers to the purchase of 120 shares from Mr. Griffiths, which were transferred from his name to mine. I purchased them from him for the bank, and took the transfers in my own name. I paid Mr. Griffiths by a cheque on my bank account for £6000, dated 22nd of July, 1856; and the sum is entered to my debit of that date, in my current account. Did you draw the dividends on these shares?—Yes, I did, and placed them to the credit of my account with the bank, where they now appear. The amount of the second dividend was re-transferred from my account to the interest account of the bank on the 18th of February, 1857. Can you show any authority for the statement that these shares were purchased by you for the bank?—No, I cannot. Do the bank maintain you had no authority for that purchase on their behalf?—Yes, they do; but it was understood by all the directors that these shares should be purchased from Mr. Griffiths, in order to get his seat in the direction for Colonel Yates. These shares were never transferred to Colonel Yates, nor was it intended that they should be. Colonel Yates became a director in July, 1856, on the date of the purchase. He had a sufficient number of shares to qualify him to be a director. Mr. Griffiths had a claim to a seat falling vacant in the direction, and would not give it up, except on one condition, that his shares were purchased, and which it was considered expedient to do. When he sold the shares, Mr. Griffiths agreed to give the dividend, which was then past due, to the purchaser. He allowed me to receive that dividend, and I did so. I can show no authority for placing that £6000 to the credit of my account on 22nd July, 1856. With regard to the state of my liabilities to the bank as regards the trading concerns

with which I was concerned at the time of my marriage, I have to state that I was jointly liable with Mr. Black for the debt due to the bank by Letts' Wharf; and Mintner and Co.; with Colonel Waugh for the debt due by the Branksea Clay Company; and with Mr. Lattey for the debt due by Lattey and Co., including Barwise and Co.

The bankrupt's examination having occupied the court continuously from Monday to Thursday evening, an adjournment took place to the following Monday. On that day, however, on the assembling of the court, the bankrupt did not make his appearance, but an application was made on his behalf for an adjournment, on the ground of ill health, and to give him time to look over books and documents on which he had been unexpectedly examined.

Application, on the other hand, was made by the trustee for a warrant for his apprehension. Mr. Sheriff Hallard overruled the first application, there being no medical certificate produced, and granted a warrant to apprehend him.

In a letter to the trustee, Mr. Stephens states that his health has suffered greatly from his long-continued and harassing examination. It was, he adds, unreasonable to expect he should on the instant account for the contents of the many letters, books, and documents of the bank, kept by subordinate officers, and that he should have the responsibility of all their entries fixed on him. On subsequent inquiry he finds that he has made statements to his prejudice, which are acknowledged to be erroneous, and he therefore wishes ample time to look over the bank-books, that he may rectify and prevent erroneous statements in future, and that he may show that all the advances to Waugh were sanctioned by the directors, and that so late as February last, he was assured by Colonel Yates that Waugh's security only wanted time to be worth a million.

His agent has appealed to the Court of Session against Sheriff Hallard's decision, but this does not stay execution of the warrant to apprehend.

CURIOUS REVELATIONS RESPECTING COLONEL W. PETRIE WAUGH.

COURT OF QUEEN'S BENCH, *December* 13, 1858.

(*Sittings at Nisi Prius, at Guildhall, before* LORD CAMPBELL *and a Special Jury.*)

NEAL *v.* ISAACS—COLONEL WAUGH.

The plaintiff, Mr. Stephen Neal, a managing engineer, at Birchin Lane, brought this action against the defendant, Mr. Samuel Isaacs, an army

agent and contractor of St. James's Street, to recover a sum of between £1100 and £1200, the balance of an account.

Mr. E. James, Mr. Serjeant Ballantine, and Mr. Barnard appeared for the plaintiff; Mr. M. Chambers, Mr. Deuman, and Mr. Hawkins, for the defendant.

The case only derived an interest from being mixed up with the affairs of Colonel Waugh, formerly of Branksea Island and Castle, and 11, Upper Grosvenor Street. It appeared, from the opening statement of counsel and the evidence, that the plaintiff in 1857 was the manager of the alum works at Branksea, which then belonged to Colonel Waugh. He was introduced by the colonel to Mr. Isaacs in February in that year, and in September following he went by the direction of Mr. Isaacs to Spain to examine and report upon the St. Mary Copper Mines in that country. He was to receive £100 for his trouble and expenses. Of that sum he received £50, and on this account there remained a balance of £50. In December following he made a second journey to Spain on the same terms, and £50 remained due on that account also. In February, 1858, Mr. Isaacs sent for him, and said he had got into difficulties in consequence of having advanced £40,000 to Colonel Waugh; that he had got security in the shape of bills and judgments to the amount of £37,000 on the Beddington Park estate, in Surrey, which belonged to Mr. Carew, a connection by marriage of Colonel Waugh; that Colonel Waugh had borrowed the judgments for a temporary purpose; and that they had been fraudulently deposited with the London and Eastern Banking Corporation. He then requested Mr. Neal to go to Colonel Waugh at Seville, in Spain, and obtain an affidavit from him, stating the truth with regard to the property in the judgments, promising to give him (Mr. Neal) £1000 if he brought back such an affidavit. Mr. Isaacs gave him a cheque for £250, out of which he was to pay his own expenses, and to give as much as he thought fit for the keep of Colonel Waugh's family. Mr. Neal accordingly went to Seville, saw Colonel Waugh, and obtained from him an affidavit stating that the judgments were improperly detained by the bank, and that they belonged entirely to Mr. Isaacs. His journey cost £51 13*s.* 6*d.*; he gave Miss Maxwell (Colonel Waugh's aunt) £120, and the balance he paid to the defendant. Under these circumstances the plaintiff sought to recover the £1000, as well as the balance he alleged to be due to him in respect of the several journeys.

In the course of the plaintiff's case, the following letters were put in and read:—

"Rosemary Cottage, Lower Islington, April 6, 1858.

"Dear Sir,—I have had the pleasure of calling upon you a few times as agent to Colonel Waugh, that worthy and I being about to close our connection, simply because I cannot bleed, or rather be used further by him.

In my closing letter I have had occasion to refer to your name, and I have, therefore, deemed it proper to send you the rough copy or draught of my letter to Colonel Waugh for perusal, which when read please return. The letter shadows forth some strange doings on the part of my late client and his 'perilous' advisers, with which it may not be amiss for you to be made acquainted, as there seems to have been a diabolical attempt to commit great injustice towards you. Any of the facts contained in the letter you are welcome to make use of if required. I have no doubt that Colonel Waugh will have written to you, referring to my dealings with him; but, whatever he may say, the sum and substance of all that I have done and said in respect to my visits to you as his 'agent' is narrated in my letter, and I shall feel happy at any time to come forward and state on oath what I have written in my letter to him, which he will get in due course. Trusting to continue in your honourable estimation as heretofore,

"I am, dear sir, very faithfully yours,

"STEPHEN NEAL.

"Samuel Isaac, Esq., St. James's Street West."

"Rosemary Cottage, Lower Islington, London, April 6, 1858.

"To W. P. Waugh.

"Dear Sir,—I am in receipt of your last letter, wherein you have thought fit to call in question my conduct towards you as your 'confidential' agent. Now let us examine and see how the case really stands between us, so that an impartial and discerning public may judge as to the right and wrong between you and me.

"My first interview with you was with a deputation on railway business at the latter end of 1856, at the London and Eastern Bank, Cannon Street.

"Shortly after our first interview you wrote to me, inviting me to meet you at Branksea Castle, Dorset, which I did; and you then engaged me to inspect and report upon Branksea estate and Beddington Park estate, both of which estates I inspected and reported upon to you.

"You subsequently engaged me to erect and manage chemical works at Branksea, at a salary and commission estimated to produce to me about £1000 a-year.

"You stated to me that the Beddington Park estates were your property, and that you were in daily expectation of receiving upwards of £60,000 from the property, and you urged me to press on with the several works, and spare nothing; and by your representations in this respect I was induced to make large purchases of materials, and which were delivered at Branksea, the invoices being regularly submitted to you. Now up to this day I have not been paid one single farthing for my services, although (as I afterwards found out) my report on the mineral value of Branksea

estate enabled you to obtain several thousand pounds from Mr. Jolly and others, at least so Mr. Aplin informed me.

"These proceedings you adroitly managed to carry on with me, or rather through me, with a full knowledge that you were then in a hopeless state of insolvency, as the sequel proved; for at the commencement of my works you suddenly left England, and your creditors seized and sold all the chemical materials, and turned me adrift, thereby subjecting my friends to serious loss, myself to several law suits, and almost irreparable ruin. Some months after you had been on the Continent (at Seville) you sent me several letters relating to a copper mine at Valverde, in Spain, and you represented that there was then upwards of 40,000 tons of copper ore at the surface, worth an immense sum of money, and you requested me to sell (in England) a few hundred tons of the same to raise you money, and also sufficient to pay myself for all my losses at Brauksea. At your request I visited this mine, and was met there by you and Admiral Maxwell and Messrs. Thomas and Charles Dally Haffenden, of Valverde, but instead of 40,000 tons of ore I only found about 5000 tons. You represented to me that Miss Susan Maxwell and the said Messrs. Haffenden were the owners of this mine, whereas by investigation on the spot, it appeared that you and the Messrs. Haffenden were the only owners of the mine, and upon which you had advanced from £10,000 to £15,000, the shares being divided between you as follows, viz.:—

"Colonel Waugh	65	shares.
Mr. Bonnor	5	„
The Messrs. Haffenden	30	„
A Gift	2	„
Total	102	„

"These shares were variously valued at from £100 to £1000 per share.

"It also appeared that at or about the time of your bankruptcy, a second issue of shares was made in this mine (the St. Mary Mine), and your 65 shares were then transferred into the name of Miss Susan Maxwell.

"These double sets of shares, you will recollect, were shown to me by Mr. Thomas Haffenden, at Seville, in your presence, when they were all given up to Mr. Haffenden to raise money on the mines at Valverde, and you afterwards advised me that he had succeeded in doing so. Mr. Haffenden also advised me to the same effect.

"Previous to my going out to Seville the second time, I was authorised by you and the Messrs. Haffenden, to negotiate a loan of £3000 on the St. Mary Mines and Works, and which I did; but when I came to Seville to complete the business, both you and the Messrs. Haffenden

declined to take up the said loan, alleging as a reason the stringency of the terms imposed by the capitalists as to its application to the mine works, which greatly puzzled me; but on my return to London the mystery was solved, for Mr. Bonnor informed me that you had promised to remit him several large sums of money, but that Mr. Neal had failed in his engagements with you. Then it appeared that, instead of applying the £3000 loan to the development of the mine, as was stipulated, it evidently was your intention to have privately divided the money between yourself and the Messrs. Haffenden, and which would certainly have been the case had not the capitalists provided against its malappropriation. Mr. Bonnor wrote you strongly on the subject.

"Mrs. Waugh informs me that the Messrs. Haffenden had only acted as her agents in working the mine, but this Mr. Thomas Haffenden denied, and said from the first that the mines were to be worked for your and their joint and mutual benefit, and he positively declined to be a party to seizing or selling the mines, or even to take up a loan thereon while there were two sets of shares in existence. So, with a view to get over that difficulty, the Messrs. Haffenden declared the agreements theretofore subsisting between you and them to be at an end and absolutely abolished, but that was duly done, and a colourable pretext to meet events that might happen.

"I also ascertained that soon after you had commenced to work these mines, both you and Mr. Bonnor executed a general power of attorney to the Messrs. Haffenden to act for you in Spain in all matters relating to the mines. Such power of attorney was executed by you before the Spanish consul in London, and forwarded by him to Spain, and duly registered. Mr. Bonnor, however, subsequently cancelled his power of attorney, and his declaration and revocation of the same were published in the Spanish local newspapers, and at which both you and the Messrs. Haffenden bitterly complained. Mr. Bonnor showed me his five cancelled shares. Your power of attorney still remains in full force in Spain. These little facts the Messrs. Haffenden can confirm.

"When I left you in Cadiz, in September last, you gave me letters of introduction to Mr. C. H. H. Carew and Mr. Isaac, and you requested me to see those gentlemen on your behalf, which I did, and reported to you the result, which was to the effect that Mr. Carew would scarcely give me a hearing for you, and Mr. Isaac said that he only wanted his net money advances returned, and that, so far as he was concerned, he would recommend at the proper time that any balance remaining from the £37,000, judgments should be given to you to relieve you, provided that you were in need. That promise I feel confident Mr. Isaac will adhere to, when the proper time arrives, provided he has any power over the surplus funds.

"You also gave me a letter to the London and Eastern Bank, and I had a long interview with Mr. Stewart, the manager, and I submitted to

him your proposition for a compromise between the bank and Mr. Isaac, which you said would probably sustain your credit with both parties; but Mr. Isaac declined to listen to your proposition in this respect, and he refused to advance you one shilling on Miss Maxwell's bill, or on Mrs. Waugh's jointure, which I reported to you.

"You also gave me letters and documents of authority to call upon Mr. Lawrence, and submit to him certain propositions for a settlement with your creditors, which I did, and reported to you the result. Mr. Lawrence also wrote you a long letter on the subject.

"As regards your statement about the affidavit you sent by me to Mr. Isaac, you too well knew that that was purely your own free will, act, and deed, and on giving it to me you expressed your great regret that you had subjected Mr. Isaac to any annoyance by your misconduct in the matter of the judgments, but that you hoped your affidavit would set you all right again in his estimation, and that you felt happy in making the *amende* to him, and that you must meet the consequences of your error with the bank as best you could, which you designated as a piece of rascality that had been practised upon you by your own solicitor and the bank's solicitor.

"On delivering your paper to Mr. Isaac, I mentioned all that you desired me to do, and, as I before mentioned, Mr. Isaac promised me that if there should be any balance remaining on the judgments, so far as he was concerned, you were welcome to it, when the encumbrances on the Beddington estates should be cleared off; but, at the same time, he (Mr. Isaac) animadverted, in strong terms, on your conduct in obtaining and keeping the judgments from him in the manner you had done.

"As I informed you in my previous letter, your affidavit was wrong in some very material points, and it was looked upon as being of little or no importance in the matter between the bank and Mr. Isaac, as you had supposed it would be, and I wrote to you to that effect.

"You may also recollect that I informed you that Mr. Bonnor had shown me the affidavit which the London and Eastern Bank had sent to him to be forwarded to you, likewise the solicitor's letter accompanying the same, both of which I had read. That affidavit you promised to lend to me immediately that you received it, so that I might fully understand what they (the bank) had proposed for you to sign, in respect to the judgments and certain bills, and which you said they would find would be 'simply nothing,' inasmuch as from the first to last you had instructed Mr. Bonnor, who you said was most clearly not to meddle in the matter of the judgments with the bank, but you found that he had done so on his own responsibility, but by that you were not bound, and you expressed your determination to repudiate all that he had done or promised to the bank on your behalf.

"When I was last at Seville, you stated to me that you had been

applied to by Mr. Bonnor several times on behalf of the London and Eastern Bank, to sign an affidavit to the effect that Mr. Isaac had applied to you to join you in the Branksea Alum Works, but you believed that that application was a mere *ruse*, and only made with a view to damage Mr. Isaac's claim to the judgments, and to create a favourable feeling towards the bank, but you said you had not replied to so monstrous an application, because the very opposite was the fact.

"Then, with respect to your remarks that you wrote and signed Mr. Isaac's affidavit when you were ill, I am prepared to make solemn oath before any bench of magistrates, that on the several occasions when you called on me at my inn, the 'Fonda d'Europa,' in Seville, and when I visited and dined with you at your home, you appeared to be in a perfect and sound state of health, both in body and mind, and could take your refections quite as well as any other person. This I can vouch for, notwithstanding any medical certificate or depositions you may get to the contrary. You only trump up sick certificates to suit your own nefarious designs, and to deceive the unwary.

"On your leaving England, you possessed yourself of three different passports in three different names, as your only means of safety, and you cautioned me, when I was with you in Spain, not to call you 'Colonel' or 'Waugh.'

"Your medical certificates sent to England from time to time, were most certainly wrong, as to your place of residence, because you have resided at 24, Calle de las Palmas, in Seville, ever since your first arrival in Spain until your recent removal to the English hotel, Fonda Vista Allegre Allameda, Cadiz; you also stated to me that you had merely gone to San Lucar Rhold Mangencines for a day or so, with a view to get your 'sick certificates' and baffle detection. Mr. Charles Dalby Haffenden, of Valverde, met you by appointment at Bayonne, in April last, to conduct you and your family into Spain; you have been over to England once since, privately, for a few days to get money and arrange certain business matters with Mr. Bonnor; you have also been over to Paris, I think, three times to meet Mr. Bonnor on the subject of your affairs. Now, were you dangerously ill on all those occasions? and were you dangerously ill when you rode about 160 miles over the rugged mountains from Seville to Valverde and back, a journey of two days' and two nights' duration, and requiring the stoutest heart to accomplish?

"You stated to me at Cadiz, that when you left London in April, 1857, you placed in Mr. Bonnor's hands a large sum of money for safe keeping, and both you and Mrs. Waugh bitterly complained to me that he (Mr. B.) had improperly applied that money, and that he now audaciously refused to account for its disposition; also, that you had left with Mr. Bonnor your gold watch, which he had sold for, I think, £10. Now, Mr. Bonnor has

acknowledged all this to me, and he says that he is quite willing to account to a mutual friend, but that he will not do so to you direct, as he believes that you would make use of his statement of account against him, and he will not, therefore, place himself in your power.

"Mr. Bonnor has shown and read to me all your private and confidential letters and correspondence, and I must say that they disclose some very startling facts.

"Mr. Bonnor has also admitted to me that he prepared a declaration to the effect that the yacht and other valuable property, which was claimed by Mr. F. B. Carew at the Branksea sale, was the *bona fide* property of him, the said Mr. F. B. Carew, when he (Mr. Bonnor) knew that such property really belonged to you. The understanding between Mr. Bonnor and Mr. Carew was, that Mr. Carew should pay over to Mr. Bonnor about £300 or £400 out of the proceeds of the property so claimed; this proceeding was reported to you, and you expressed your surprise that Mr. Bonnor should have lent himself to such a transaction. Mr. Bonnor informed me that he would not have done so but for the hope of getting about £300, which he failed in doing, as Mr. Carew would not hand over any of the money realized from that property.

"You also informed me that you had furnished Mr. Bonnor's house for him very expensively, and that, in point of fact, all Mr. Bonnor's costly household furniture was your property; this accounts for the strange demand now made to Mr. Bonnor in your letter of December 28, 1857, wherein you say that, in case of necessity, he (Mr. B.) must 'sell the bed which is under him.' The terms of that letter to Mr. B. you can't have forgot; besides which you said he had received several thousand pounds of your money from the bank, but which you now considered as a gift. The same also applied as to about £60,000 given by you to Mr. F. B. Carew, and you referred me to the London and Eastern Bank, the Union Bank, and Cocks' Bank, to prove this by cheques paid with your money (query, Bank's).

"You also informed me that 'you held more than 100 letters of Mr. Bonnor's, which, if made public, would expose him to very serious charges in respect to his dealings with the bank affairs and other matters; but that if he would not hurt you, you would not hurt him.' You also said, that 'among Mr. Bonnor's letters in your possession were several relating to Mr. Linklater's first appointment as your solicitor under your bankruptcy; also letters as to Mr. Bonnor's and Mr. Linklater's private arrangements, to the effect that Mr. Linklater should abandon your case in favour of Mr. Lawrence, and Mr. Linklater take up the case on behalf of the creditors.' Both you and Mr. Bonnor said that it was chiefly owing to the private arrangements that Mr. Linklater had acted so apparently friendly towards you during the long protracted bankruptcy proceedings throughout which you

said that the burden of Mr. Linklater's song had been, 'Oh, woodman, spare that tree' (laughter).

"Mr. Bonnor has informed me that he has written you letter upon letter, requesting you to destroy or to return to him all his private letters referring to this subject; but in your letter to Mr. Bonnor on the 16th of February you inform him that 'in your hands both he and his letters are safe, as long as he does what is right towards you,' and you decline to return his letters; and Mr. Bonnor says that he only wants to be 'saved from his friends.'

"Then, again, Mr. Bonnor has over and over again stated to me that all his dealings with the London and Eastern Bank during your absence from England have been simply to 'amuse' the bank people, and to keep up a good feeling towards you, and that, in reality, he had told them nothing 'except lies by the dozen;' and that, as regarded the bank's claim to the £37,000 judgments, they (the bank) knew very well that they had not a leg to stand on; and that was the reason why the bank had deemed it necessary to send out an affidavit for you to sign in their favour. That affidavit Mr. Bonnor said he had merely sent out to you as a matter of form, because he knew that you could not, and would not, sign it, he having previously advised you to the contrary; he had therefore made no remarks upon it in sending it out to you. Your letter to Mr. Bonnor, of which the following is a copy, throws some light upon this matter:—

"'Feb. 16, 1858.

"'Dear Sir,—Colonel Waugh has left this (Seville), as I before mentioned to you he intended doing; your letter of the 8th of February, enclosing affidavit, I therefore opened; it shall be duly forwarded, but there must be necessarily great delay before it reaches him, or be received back by you.

"'I beg to bring to your notice that Colonel Waugh did not pay back the money received upon my jointure from the bank money, but from moneys advanced from other sources. Of this we are the best judges.

"'You are in a position now of considerable peril. You were confidential solicitor to my husband, and, should you betray the trust reposed in you so sacredly and guilelessly by him, by telling such stories to the bank, we shall be obliged to protect ourselves at any risk to you; and this I say from knowing Colonel Waugh's determination.

"'We have letter upon letter of yours, in reply to my husband, telling you not to admit he ever had a shilling from the bank on the Beddington judgments; and this I know the colonel will maintain, on his death-bed even, for he has written me out all instructions, in case of any accident happening. I hope, therefore, you will be more careful and guarded for your own sake, and not swear yourself to anything either imparted to

you in confidence, trust, and most sacred confidence, or without the knowledge of my husband, who is only anxious to do what is right, but will not be betrayed, I can assure you, in his confidence without a full exposure of all. You know the colonel received £7000 from India upon Agra Bank shares, and also £4400 on Government Securities in Calcutta; and his notes left with me say that from that source my jointure money was repaid.

"'The colonel, as you full well know, never borrowed a shilling from the bank, save on Branksea estate and household furniture. You must allow me to add, that it appears incomprehensible that you should have sent out a document for the bank affidavit without a word or line of advice, and more particularly as there is a letter of yours fully explaining almost exactly the reverse to be the case; and, indeed, you wrote yourself in that letter the very reply for the colonel to send the bank.

"'You may rest assured you and your letters are safe if you do your duty; all your late letters state that you will write a letter of explanation to-morrow, but that day has not yet arrived.—Yours faithfully,

"'Mary Murray Waugh.'"

"The above letter, although purporting to emanate from Mrs. Waugh in your absence, at a 'great distance from Seville,' evidently fathers itself upon you, it being in your handwriting—the real truth being, as I supposed, that you dictated it, and got Mrs. Waugh to write the copy to be sent to your solicitor, Mr. Bonnor, informing him of his 'perilous situation,' but the copy sent to me is certainly in your own handwriting. Probably you had not then left for the 'Wilds.'

"Last autumn I was informed by good authority that your man Welby had got all your 'plate' in secret keeping, and, when I named this to you, you did not deny it, but said that you would consider what was best to be done about it, but the plate was not so valuable as was represented, as it only consisted of portions of the 'Carew, Maxwell, and Waugh' families' old plate, and which you said was only worth from £100 to £200 altogether, and that you generally hired 'plate' for Mrs. Waugh's large parties.

"I also informed you that it was rumoured that your housekeeper, Mrs. Gerrard, has also possession of a considerable amount of your private property, and that I have heard that the 'court officers' had been after her. This, too, you did not deny, but, with a smile, said, 'Mrs. Gerrard would prove too old for them.'

"You have written to me as if I were in your power for rewards or punishments at your pleasure. Now, I beg of you most distinctly to understand, that neither by word, deed, counsel, or otherwise, have I mixed myself up with you or your affairs improperly; neither have I, up to this time,

disclosed, or made known, any of the secrets entrusted to me by you, or any of the matters referred to in this letter. The withdrawal of 'your confidence' from me is rather a relief than otherwise.

"At your break-up I was led to believe that good faith had not been kept with you by the London and Eastern Bank, by their refusing to advance the £15,000 to carry on the works at Branksea, as they had agreed before me to do. I also believed that you had been badly advised by Mr. Bonnor and others to quit England, instead of meeting your difficulties boldly in the face, as I recommended; and, fully relying on the truthfulness of your several letters and statements to the effect that you had numerous friends who would rally round you, and that from Mrs. Waugh's jointure, your brother's remittances, and other legitimate private sources, I should be honourably paid for my loss at Branksea, and also all my other current expenses incurred in attending to your affairs, and having confidence in you as a gentleman, I confess that I willingly took up your cause a second time, and have carefully, heartily, and faithfully served you, and advocated your cause through evil and good report, as you know. From time to time I have made most urgent appeals to you for some money on account, but you have kept putting me off with, 'Wait a little longer,' and now, as you cannot further use me, you abuse me, and try to pick a quarrel with me, on the ground that I have not been faithful to your interest. This is a mistake. I have been faithful to you, and unfaithful to myself, by allowing you to suck the orange dry without drawing a copper from you for my long and devoted services to you.

"Mrs. Waugh authorized me to negotiate a loan of £5000 on her jointure, for which I was to receive £1000. I hold her and your note to this effect. You also stated that Miss Maxwell had £7000 coming to her, and which was to pass through my hands, besides £3000 of Mrs. Waugh's private money, and various other sources, and by means of these and similar promises, I was induced to discount Miss Maxwell's bill for £200 (or rather to take up money at interest to enable me to do so). You also undertook to cause £300 to be paid on my arrival in London in December last. I have your letters promising all this, and much more, but not a single promise have you fulfilled towards me.

"I have forgotten whether or not, in my last letter, I informed you that Mr. Bonnor entertained strong hopes of being able to successfully resist his liability on his eight bank shares, which he resold to you just before the bank stopped payment.

"Mr. Bonnor tells me he has obtained Mr. Stephens' (the late manager) affidavit in his favour (Mr. B.'s), and last week Mr. Bonnor made a proposition to me to come out to Cadiz to take your affidavit also. Mr. Bonnor fully relies on your cordial support in this matter, because he says that 'if he does not set aside his liability, it will be certain destruction to him,' and

that both he and you will alike become annihilated, and 'like the baseless fabric of a vision, leave not a rack (wreck) behind.'

"I have studiously avoided all reference to matters of a private and sacred character, which it would be unmanly and dishonourable to mention. I have been mindful only to touch upon such topics of a public nature as will best enable disinterested parties to judge between us, although your conduct towards me throughout, but more especially your recent and abusive letters, are calculated to destroy all consideration and sympathy towards you; yet I will not act a dishonourable part, either to you or Mr. Bonnor.

"In conclusion, I have to request the payment of my account. The amount is £1650, and a cheque for something on account will oblige, or I must adopt such steps as counsel may advise.

"I am, yours, &c. "S. NEAL."

There was a note at the end:—

"Mr. Bonnor writhed in his chair on reading this letter. I read it to George Bonnor at his office, and in a conference of three hours which followed, Mr. Bonnor did not impugn any of the statements, and admitted that it was a proper letter to be sent to Colonel Waugh; but as it appeared directed against him more than against Colonel Waugh, he implored me not to make use of it to his prejudice."

"Private and confidential.

"Blanc's Hotel, Cadiz, Jan. 2, 1858.

"My dear Sir,—Your letter, dated Liverpool, Dec. 20, has just come to hand, and as this is the first date that I have had an opportunity of writing to you since my arrival in Spain, I shall give you a short history of my proceedings.

"Colonel Waugh met me at Cadiz on the 26th ult. (we had a very bad passage out), we at once proceeded to Seville, where both the Haffendens had been waiting for me several days. When they found that I had brought out no money with me, they became quite furious, as, during the past three months, they had borrowed £800 on the strength of my several letters and repeated assurances that the mortgage would be carried out. The poor fellows almost became maddened to desperation; they charged me with a breach of good faith towards them, and as being anything but a man of business. However, when their rage had cooled down, I explained the dreadful monetary crisis we had had in England, and delicately hinted at the unfavourable circumstances which surrounded the case, arising from the exposure of Colonel Waugh in the public papers. Upon this Admiral Maxwell pitched into me right and left, in which the ladies joined, and so I had to encounter the fire of a legion of disappointed Hotspurs. At

length their steam was blown off, and we began to reason on the position of affairs, and to consider as to what was best to be done. One proposed one thing, and another another; but no way could be seen to meet the dilemma, until the end of the second day, when the Haffendens determined to withdraw the Santa Maria Mine from the proposed mortgage, took all the shares and documents from Miss Maxwell, and declared the agreement between them and Colonel Waugh's family forfeited, and finally at an end; and at eight o'clock the same night they left Seville on horseback for Trenzaneous, a town eighty miles off, to raise a sum of £500 or £600 on the mortgage of the Santa Maria Mine ore, and Mark's shares. This was absolutely necessary to meet their payments on the 1st inst. (Jan. 1, 1858), and to throw off sequestration; and so you see that our three months' delay and broken promises have lost that mine to us and Colonel Waugh's family for the present: so much for playing with people and their feelings and property, especially when the sustenance of about 300 persons depended on the regular payment for their labour monthly. The Haffendens will now raise a sufficient sum of money to clear all up, and the mines will be stopped for the present. I assure you I found it a most painful and embarrassing case to meet and palliate. The Santa Teresa and the mines I have preserved intact; and, in my opinion, we have still the best of the bargain, as with those mines Colonel Waugh has never had anything to do, and, until now, never heard of their existence. The full particulars about these two mines I will explain to you on my arrival in England.

"Much good in many ways will arise out of my visit out here. I have gone very fully into Colonel Waugh's affairs, both past, present, and the probable future. He does not intend to return to England for the present, but in case of necessity he will go into a quiet hiding-place while the storm blows over. The colonel has shown me letters wherein he has cautioned Mr. Bonnor against making admissions to the bank respecting Mr. C. H. Carew's or Mr. F. Carew's supposed liability on their acceptances or otherwise. Mr. B. was to declare, on behalf of C. W., that all the moneys advanced to the Messrs. Carew, or either of them, were free gifts absolutely from Colonel Waugh, and that the said Messrs. Carew were neither of them indebted to the bank to the extent of one farthing, inasmuch as their acceptances were covered by the borrowed notes given from time to time to the bank by C. W. It is Colonel Waugh's express wish and desire that the £37,000 secured by judgments on the Beddington estate should be preserved intact to yourself (Mr. I.) and the younger branches of the Carew family, and he has entrusted me with special instructions to settle the matter with you and Mr. C. H. H. Carew, and he (C. W.) will remain quite passive in this matter. I have much to inform you about on my return. I may say that Colonel Waugh has made a clean breast of various matters,

and his desire is to make restitution to you. Of course I never hinted that you had sent me out about the mines. I thought it far the best to keep your name sacred in the matter, so that neither him nor the Haffendens know the names of the proposed mortgagees, therefore all the blame I took on myself. The obvious reasons for this I will explain when I see you.

"On Dec. 9, Colonel Waugh sent a proposal to Lawrence for the 19th, offering 2*s.* 6*d.* in six months, and 7*s.* 6*d.* in twelve months, but that proposal is put in so vague a form that a fresh one has been prepared, and which he sends by me to Lawrence. A vast struggle is to be made to get the case adjourned *sine die*. If that can be done, the colonel says he can pull all through this year, and liberate several sums of money to his use.

"Mrs. Waugh has authorized me to raise for her £1000 or £1500 on her jointure to fight the colonel's battles, and keep the family out here; they are now living in a very humble manner, little better than cottagers. They blame Bonnor very much, indeed; but as he has to be used for our purposes, the vile dog must be piped to, as and when his keep may be required, and the colonel says he dare but dance to the tune that is playing to him, whatever that may be. The colonel has given me full power to act for himself and family in all things, and independent of Mr. Bonnor.

"N.B. You will please consider this letter as confidential to yourself and brother, and all the rest I will tell you when I see you.

"STEPHEN NEAL.

"Samuel Isaacs, Esq., London."

Mr. M. CHAMBERS, on the part of the defendant, said the real agreement made between the parties was, that Mr. Isaacs should give Mr. Neal £1000 if the latter obtained the affidavit from Colonel Waugh, and Mr. Neal succeeded in enforcing his claim upon the judgments, but the document had never been used. With regard to the different journeys to Spain, the learned counsel contended that the whole of Mr. Neal's expenses had been paid.

Mr. Isaacs, the defendant, on being examined, said Mr. Neal called at his place of business to induce him to enter into various speculations with which Colonel Waugh was connected. He asked him to invest £1000 for the purpose of boring for coal at Beddington. In August, 1857, Mr. Neal submitted to him certain letters of Colonel Waugh relating to mines in Spain, which he said would realize a large fortune; and as witness had been a great sufferer by Colonel Waugh, he advised him to invest some money in those mines. He then employed him to go to Spain to report upon the mines. With reference to the affidavit, Mr. Neal called at the latter end of January, 1858, and said he had been to Mr. Bonnor's office and seen an affidavit of twenty or thirty pages, with a letter from Messrs. Chadfield and Co., which Messrs. Bonnor were then going to forward by

express to Colonel Waugh. He said that was for the purpose of setting aside his (Mr. Isaacs') claim to the judgments, and valued at £37,000. He advised the defendant, it being most important that his claim should be secured, that witness should allow him to go out to Spain on his account, in order to obtain for him a counter document. After some little conversation witness agreed to that. The plaintiff then required a certain sum of money to take with him for the purpose of assisting Colonel Waugh, should he be in need. He asked for £250, which he had. Witness told him that in the event of his obtaining the document for which he was going to Spain, and if witness succeeded in getting a settlement of the judgment in his favour, he would reward him liberally for the journey. The affidavit had never yet been made use of. On that, or any other occasion, witness never promised to give Mr. Neal £1000. When Mr. Neal presented him with an account of his claim after the third journey, he denied his liability, and Mr. Neal said, "Give me what you please." Witness said his brother was in Ireland, and that he had no means at his own disposal. Mr. Neal then went away. It was quite untrue that Mr. Neal ever mentioned on that occasion a balance of £1150.

Cross-examined.—Witness had never any interest in the Brankseа works. He would swear he never saw before the letter produced from Colonel Waugh saying he (witness) had in his possession a deed relative to a quarter share in the alum mines. When Mr. Neal came from Spain he showed him several of Colonel Waugh's letters, but he never saw the one produced before. The debt due to witness by Colonel Waugh was for money advanced upon bills. Witness never proposed to advance £1000 upon the bills. He would swear he never gave the £250 to Mr. Neal in order that he might pay Colonel Waugh for signing the affidavit. He knew Colonel Waugh was in needy circumstances, and he told Mr. Neal to give him some money out of that sum or not, just as he liked. Witness was very anxious to get the affidavit. He filed a bill in Chancery against the Eastern Bank. It was still going on.

Mr. John Greenwood, attorney for Mr. Isaacs, in the Chancery suit, "Isaacs *v.* Stewart and others," said the answers to the amended bill were not yet filed. He was never consulted with reference to the affidavit. He had seen the document. It had not been used, and, according to the forms of the Court of Chancery, it could not be used.

Cross-examined.—No attempt had been made to compromise the suit. The question was whether Mr. Isaacs or the bank was entitled to judgment.

No other evidence having been adduced, the counsel on each side addressed the Court, and

Lord CAMPBELL summed up. In the course of his observations to the jury, his lordship said it certainly did rather appear from the evidence that

the defendant gave Mr. Neal the £250 with the intention that a portion of it should be paid to Colonel Waugh for making a declaration in favour with regard to the judgments; but the jury would form their own opinion upon the matter.

The jury, after a brief absence from court, returned a verdict for the plaintiff—Damages, £317 5*s*.

APPENDIX.

THE LONDON AND COUNTY AND THE TIPPERARY BANKS.

(*From the "Banker's Magazine."*)

THERE cannot be a doubt in the mind of any person who has dispassionately and impartially reviewed all the facts of the case *In re Burmester and Others*, as brought out in the arguments of counsel before the Irish Landed Estates Court—that the decision which Judge Longfield gave on the 6th ultimo is correct, as well in equity as in law. This, it will be recollected, was one of the numerous suits that have arisen out of the Sadleir frauds, and the main question at issue was, whether the official manager of the Tipperary Bank, or the London and County Bank, was entitled to the proceeds of the sale of the late John Sadleir's Irish Estates; both banks being his creditors, and both having had the property in question pledged to them as security for their respective debts.

A mere superficial glance at the relative positions of the litigant parties would probably enlist the sympathies rather in favour of the unfortunate and ruined shareholders of the Tipperary Bank, than of the well-to-do and opulent proprietors of the London and County. Popular sympathy is certain to bear towards that side which has suffered most, and which is the weaker in the contest; but in questions of abstract right and substantial justice, it would be fraught with consequences of permanent danger to society in general, if the decision could be taken upon first impressions based upon feelings of commiseration, instead of upon mature judgment, grounded on careful examination and calm reflection, as to the bearing of the evidence *pro* and *con*.

In the case under consideration, it would be difficult to deny that the fault of misplaced confidence is chargeable to both parties; but that was an error which they shared at the time in connection with a large proportion of the moneyed world. The apparently inexhaustible resources, mental as well as pecuniary—the business-like habits, and the high social status which John Sadleir had so rapidly attained, naturally commanded a corresponding degree of public trust; and when it is recollected that the Government of the day entertained so high an opinion of his financial

knowledge and his individual influence, that they associated him in their ranks as a member of the Treasury board, it can scarcely be matter of surprise that bank directorates, both in England and in Ireland, should regard it as an honour and an advantage to be able to point to him as one who took a prominent interest in the management of their affairs. That he was selected to preside over the London and County Board, and that the Tipperary Bank shareholders appointed him as one of their directors, and —in order that his weight and influence might be brought to bear with greater force in their favour—made his brother, James Sadleir, their chief manager, can therefore scarcely be brought against the proprietors or directors of those institutions as a charge. The almost unlimited pecuniary credit that was extended to him by his co-directors in both of these concerns, is, however, a very different affair; and had the decision been adverse to the London and County Board, their shareholders would have as much right to complain of them, as the Tipperary Bank shareholders have to accuse those to whose care they had intrusted their money, of gross negligence, amounting to a breach of trust. But it is the different course of proceeding adopted by the two boards that constitute the right and the wrong between them; and the first cause of this difference of proceeding being due to the shareholders themselves, it equally constitutes the right and the wrong as between them in the assertion of their respective rights against each other. The Tipperary Bank proprietors trusted to the Sadleirs, and to the Sadleirs only; but the London and County shareholders, though probably entertaining equal confidence in the honour and character of their chairman, took the precaution of surrounding him with gentlemen of at least as high a position in the commercial, if not in the political world, as Mr. John Sadleir—men who had characters to lose—whose independent means placed them above temptation—and who, they were quite certain, would not only not lend themselves to dishonourable courses, but who would protect the property of which they were the trustees, from the dishonesty of others. In both cases, therefore, the shareholders owe the results, in the first instance, to themselves. It is a fact on record, and therefore cannot be disputed, that that extraordinary power of fascination, which was the peculiarity of John Sadleir, was for some time effectively exercised over his colleagues at the London and County Board —as shown by the accommodation which was afforded him out of the funds of the bank, and the extent to which he was permitted to overdraw his account. But this was not done altogether without security; for they had deposited with them, as a sort of collateral pledge, the title-deeds of certain properties belonging to their chairman, which had been purchased by him in the Irish Encumbered Estates Court, together with the Chandos mortgage for £134,000.

Being largely in debt to the bank, and having imperative need for fur-

ther heavy advances, partly to discharge pressing liabilities in connection with the Tipperary Bank, an application which he made to the board for assistance was met by a demand for available security to cover the amount then asked for, together with the balance of account already standing against him. There was but one mode by which that security could be given, and that was by assigning the whole of his Irish estates to certain trustees, with a power of sale for the benefit of the bank. This was done; and it is out of this transaction that the suit has arisen; the Tipperary Bank claiming the property under an equitable, but unregistered, mortgage of a previous date. The official manager, acting on behalf of the Tipperary Bank creditors, and of course of the shareholders also—seeing that the larger the amount of assets, the less would be their individual responsibility—alleges notice given to the London and County of the existence of the prior mortgage at the time it was made; and if this were proved, not only would the London and County have no case to stand upon, but their directors would be amenable to the serious charge of conspiring with the Sadleirs to defraud the Tipperary Bank of its property. But the proof of notice altogether fails; the only evidence in support of it being that Mr. Keating, one of the London and County directors, and a cousin of the Sadleirs, had assisted to negotiate the arrangement, and was one of the trustees named in the deed. On the other hand, there is the fact that the mortgage to the Tipperary Bank was never registered, and never in any way made public. It is exceedingly hard, no doubt, that the Tipperary Bank, from whom the money was obtained to purchase the property in dispute, should be deprived of all share in it; but the fault is their own, or rather it is the crime of those in whom they trusted, for that the concealment was intentional the evidence leaves little even for questioning. The law had provided a means by which such deeds might be made operative, as against all subsequent encumbrances; and if the means was not resorted to, it is not competent for the Tipperary Bank to take advantage of their own laches. The reciting of the judge is sound law, "that the question of the validity of the deeds must depend upon the nature of the securities themselves, and the circumstances under which they were executed, and not upon any assumption of what were the intentions of the parties."

Now, the circumstances attending the execution of these rival deeds are these:—John Sadleir having occasion for an advance in March, 1855, to meet pressing engagements, applied to the bank, of which he was chairman, to discount for him the acceptance of the Tipperary Bank for £20,000, which they consent to do. Thereupon he desires his brother, as the manager of the Tipperary Bank, to accept for that amount. This James Sadleir refuses to do, although he had up to that time been his subservient tool, and had advanced to him, as he says, in his letter of refusal, £174,000 of the

funds belonging to the bank, reducing it thereby to the verge of ruin. As the acceptance must be had, Keating, the cousin of the Sadleirs, and the co-director of John in the London and County, is sent over to arrange about some security which shall satisfy James's scruples; and it is agreed that a deed shall be executed by John, giving to James Sadleir and Keating, jointly, full power to sell certain estates belonging to John Sadleir in Ireland, for the benefit of the Tipperary Bank, in consideration of certain advances made and to be made to him, the said John Sadleir, and empowering the Tipperary Bank, or their trustees, in the meantime to take the rents and profits arising from those estates on account of those advances.

That this document, which was duly executed, and in consideration of which the required acceptance was given, is upon the face of it a good equitable mortgage there can be no question; but it was never registered, although the machinery for registration in the Encumbered Estates Court is so exceedingly simple and inexpensive; and the explanation given by Mr. Kennedy, the solicitor of the Tipperary Bank, who drew it up, why that necessary process was omitted is, that if he had registered the deed it might have injured John Sadleir's credit, thus showing that there was an object on the part of those who acted for the Tipperary Bank in keeping the transaction concealed, viz., to uphold the credit of their own directors, the two Sadleirs.

John Sadleir's difficulties continued to increase rapidly, and the Tipperary Bank being almost *in extremis* in consequence of the large advances it had made to him, pressed upon him to reduce his debts; and in July James Sadleir applied to the London and County on behalf of his brother and the Tipperary Bank, conjointly, for an advance of £90,000. He had an interview with the directors of the London and County, at which he furnished them with an account of John Sadleir's affairs, and the securities it was proposed to deposit for the money John already owed to the London and County, together with the new loan then asked for. After some negotiation his proposal was accepted; the deeds were executed, formally assigning to J. W. Burmester, F. J. Law, and James Sadleir all the Irish estates of John Sadleir in trust, including those which had been previously mortgaged of the Tipperary Bank. By virtue of these deeds, which were duly registered, the London and County claimed priority over the equitable mortgage of March, contending that the claim to the Tipperary Bank upon that mortgage was barred by fraudulent concealment.

The ruling of the judge upon this, which is the whole point of the case, is clear, simple, and conclusive. He says, "the claim of the London and County Bank is simple, and it rests upon their opponents to displace it. They claim under the first registered deed, and they are entitled to priority (unless actual notice can be proved against them) over any unregistered contract." And he adds that, "to rule otherwise would be to declare that

all the directors of the London and County Bank were engaged in a conspiracy to defraud the Tipperary Bank, which is most unlikely on the one hand, and is distinctly contradicted by the testimony of the witnesses on the other." A fact strongly corroborative of the *bonâ fides* of the London and County is, that the sum they advanced in August, when the deeds were executed, and which amounted altogether to £95,000, was very nearly equal to the full value of the property included in the equitable agreement of March, exclusive of the estates, the title-deeds of which were in their hands already as collateral security for advances previously made. The appointment of James Sadleir as one of the three trustees was, Judge Longfield considers, consequent upon the Tipperary Bank—for whose benefit the money was partly required—having undertaken as an additional security to the London and County to guarantee John Sadleir's debts; and it appears that the whole of the money was drawn out by the joint draft of the three trustees, not in favour of John, but of James Sadleir as manager of the Tipperary Bank, to whose credit £40,000 of the money was actually paid into Glyn's, thus reducing John Sadleir's account with them by that amount, and relieving their immediate necessities.

Upon the question of notice one very strong fact came out in the course of the proceedings. When the deeds were executed, Mr. Stevens, the solicitor of the London and County, was sent to Ireland to register them, and although he consulted Mr. Kennedy, the solicitor of the Tipperary Bank, that gentleman never mentioned the existence of the equitable mortgage of the previous March, though he did state that there were certain other liens upon the property by a Mr. Eyre, which the London and County insisted upon having cleared off before they made good the advance.

Such is a general *resumé* of the facts, upon which Judge Longfield has decided in favour of the London and County Bank, and however much the position of the Tipperary Bank shareholders is to be commiserated, it is impossible not to recognize the truth of the learned judge's dictum when he says, "I cannot be influenced by any considerations of the loss which may fall upon the insolvent shareholders and creditors of the Tipperary Bank. I must not, to alleviate their loss, inflict an injustice on the equally innocent shareholders of the London and County Bank." In concluding his judgment, Judge Longfield expresses a wish that in a case of so much importance an appeal should be made to the highest tribunal. In that wish few who care for the interests of those who have already suffered so severely will join. However desirous it may be to have the case re-argued and decided finally, so as to prevent expensive litigation in future cases of a similar nature, still, as there would be little or no chance of reversing the common sense as well as obviously equitable decision of Judge Longfield, it would indeed be a subject of regret if more money were wasted in what would, in that case, be useless litigation; and it would be most unjust to

the creditors that the proceeds of the Sadleir estates should be further diminished by the costs of such proceedings.

ENCUMBERED ESTATES COURT.

DUBLIN, *December* 6, 1858.

THE JUDGMENT IN RE BURMESTER'S ESTATES.

JUDGE LONGFIELD delivered judgment as follows :—This case is a contest for priority between the London and County Joint-stock Bank on the one side, and the Tipperary Joint-stock Bank on the other side, both banks being undoubted creditors of the late John Sadleir, and incumbrancers on the estate. The claim of the Tipperary Bank rests upon a certain equitable memorandum or agreement, bearing date 15th of March, 1855, which has not been duly registered. The London Bank rests its case upon a deed (one of twenty-one executed on the same day), by which the legal estate was conveyed to J. W. Burmester, Farmery John Law, and James Sadleir. This deed was only registered, but no trusts were declared by it. There was however, it is alleged, a cotemporaneous declaration by the grantees of a trust to sell for the purpose of paying the large debt which was then due by John Sadleir to the London and County Bank, as well as a considerable advance which was then about to be made to him. Both parties also rely on the effect of the two deeds bearing date, respectively, the 7th and 8th of September, 1855. The Tipperary Joint-stock Bank was established in the year 1842, and James Sadleir, a brother of the late John Sadleir, was from the commencement its managing director. In the deed by which the bank was constituted, there are several clauses to regulate the powers of the directors, and the manner in which those powers should be exercised and the general business of the bank conducted, but it appears that those clauses were habitually disregarded from the beginning, and that James Sadleir, the managing director, was permitted to exercise uncontrolled authority in the management of the bank, without the slightest attempt at interference on the part of the directors, or of the shareholders at large. This state of things is admitted, and is even relied upon in argument by both the contending parties. Even in such matters as discounting bills—permitting customers to overdraw their accounts to any extent—Mr. James Sadleir acted according to his own unlimited discretion. Among the parties who overdrew their accounts to a considerable amount, was the late John Sadleir. Indeed, it appears to have been the state of his account that ultimately drew down ruin upon the Tipperary Bank, and the objection in this case is filed by the official manager for the purpose of recovering some part of the large balance which was due to the bank by the late John Sadleir at the time of his decease. There is no evidence to show for what purposes all those sums were borrowed, but it is stated and admitted that a considerable portion, probably the chief part thereof, was borrowed for, and

applied to, the purpose of buying lands in the Encumbered Estates Court, which began its sales in the year 1850. Few men purchased more extensively or more judiciously than he did, and the increase in the value of land since the time when he began to purchase in this court has been so great, that one cannot doubt but that if he had confined his speculations to Irish land he would have been able, not only to fulfil all his engagements, but to realize a very handsome fortune. In order to understand the manner in which it is alleged that the London and County Bank and the Tipperary Bank became related to each other through their common relation to John Sadleir, I must, for the present, leave him in the midst of his successful career, drawing excessive sums of money from the Tipperary Bank for his Irish land purchases, and, perhaps, for other purposes also, and proceed to his connection with the London and County Bank. He had become an extensive landed proprietor, a member of Parliament; he had many of his near relations in Parliament, and was a powerful and influential member of a powerful and influential party. He had in the year 1849 (before he began to purchase land) become a director and chairman of the London and County Bank, and, in violation of the by-laws of the bank and of the duties of his co-directors, and of his own duty as chairman, he obtained considerable sums of money from this bank also. The directors defend their conduct on this occasion, and allege that those advances were made to John Sadleir in the same manner only as they would have been made to any other person, on obtaining sufficient security—that the by-laws of the bank obliged them to require such security in their dealings with their co-directors, and that, without the light which subsequent experience throws upon past transactions, there was at the time every reason to trust, and none to distrust, John Sadleir. I cannot agree with any part of this defence. The directors neglected their obvious duty to the bank in all their dealings with their chairman. They permitted him to overdraw his account to an excessive amount without any adequate security. Indeed, such transactions must occur when the chairman is permitted habitually to overdraw his account. It cannot be expected that the co-directors, many of them, perhaps, introduced into the bank by his influence, or the officers, who are in some respects dependent on the chairman for the emoluments and comforts, and, perhaps, to some extent for the stability of their offices, should be very vigilant in scrutinizing his accounts or in weighing the value of his securities. The course for men of courage and honesty to take, under such circumstances, is to tell the chairman that the first duty of a bank is to provide for the security of its depositors; that it requires the assistance of the chairman's judgment in dealing with extraordinary cases; that they are deprived of this assistance when the chairman overdraws his account, and is a habitual applicant for extraordinary advances, and that he must, therefore, cease to be chairman, and must not even remain a director of the

company. No director, however, took this step, and I am therefore not surprised to find that the chairman's account went on increasing—that the by-laws afforded no protection to the bank—that they were either expressly suspended in his favour, as in the case of the by-law limiting the amount of the advance to be made to him, or were habitually neglected, as in the case of the by-law requiring a half-yearly report of the state of the securities. Besides the general course of dealing of John Sadleir with the London and County Bank, some particular instances are adduced to show the extreme partiality with which his conduct was overlooked by his co-directors, and his securities accepted without question or examination. Thus, in the case of the Chandos mortgage, as it is commonly called in the evidence in this matter, this was a mortgage for the sum of £134,000 given to John Sadleir by the Marquis of Chandos on his English estates, dated in July, 1849. This was first offered to the bank as a security in 1852, and it is made a charge against the directors that they made no inquiries to ascertain whether John Sadleir was really the owner of the mortgage. I cannot concur in that charge. There was no circumstance to put them upon inquiry, or even to suggest the name of any person from whom such inquiry could be profitably made. He was the apparent owner on the face of the deed, and had the custody of the instrument. He produced a letter from the Marquis of Chandos on the subject, and the loan was transacted with as much openness as could reasonably have been expected. The right to the mortgage is in litigation. The money, about £100,000, is therefore in danger of being lost, but the loss is intended to fall upon the shareholders, not on the directors. Another transaction connected with this mortgage places the conduct of the directors in a still worse light. In August, 1853, John Sadleir proposed to reduce his debt to the London and County Bank by borrowing £55,000 on the Chandos mortgage, which was one of the securities then held by that bank. The deed was accordingly sent out and left with Mr. Barker, the solicitor, for the parties who were about to lend the money. The rest of the transaction was entrusted to the honour of John Sadleir, who received the money, but converted it to his own purposes, and did not pay it to the bank. It is true that Mr. Wilkinson, in his evidence, states that he believed the £55,000 was paid to the bank; but looking at the manner in which he gave his evidence, and to the testimony of the other witnesses, I cannot doubt but that John Sadleir kept the money, and thus showed himself to be a man utterly undeserving of confidence, and that the directors complained of his conduct on that occasion, and yet continued to retain him as their chairman. With such a chairman it was impossible that proper vigilance should be kept over the dealings of the other directors and officers of the bank, and the report of the securities committee, on at least one occasion, gives an alarming picture of the state of the accounts between the bank and its chairman, directors,

and principal officers. It is, however, only justice to state that none of the present directors of the bank appear to have been engaged in those discreditable transactions, and I heard with much pleasure the statement made by one of the witnesses that none of the existing directors owed any money to the bank. I have referred, in some detail, to those matters in order to ascertain the grounds upon which my judgment rests. I think the charges made by the official manager of the Tipperary Bank against the directors of the London and County Bank in 1854 and 1855 are to a great extent established, and that the defence sent up for their conduct has failed; but I consider those charges immaterial to the question now before me. They could only be relied upon to corroborate any direct evidence adduced to show that the directors, in August, 1855, knew that they were advancing the money of the bank on a worthless security. In themselves they are irrelevant, for I cannot concur in the view put forward in the able statement by which the case was opened, and which assumed that every advance recklessly made by the manager of the Tipperary Bank was a fraud upon that bank, and that similar advances made by the managers of the London Bank were frauds committed by the latter bank. I must consider that both banks were in the same predicament. The managers of both banks neglected their duty, yielding to the influence which John Sadleir exercised, in the one case as brother of the manager, in the other case as chairman of the bank. But all this does not prove any connection between the two banks, or that either had any knowledge of John Sadleir's connection with the other. However, it is proved that among the documents from time to time discounted for John Sadleir by the London Bank, there were letters of credit of the Tipperary Bank, and it is contended that the number, and amount, and the form of those orders were such as ought to have excited in the minds of the managers of the London Bank suspicion that John Sadleir, through his brother James, exercised an undue influence over the Tipperary Bank. The substance of the argument drawn from the amount of those orders is, that John Sadleir's rents paid into the Tipperary Bank did not exceed £80,000 a-year, while it appears that in the year 1855 the letters of credit to the amount of £107,000 of the Tipperary Bank were negotiated by, or in behalf of, John Sadleir, and that the London Bank must thereby have known that John Sadleir was obtaining those orders without consideration. I do not yield to that argument. John Sadleir's transactions were so complicated and extensive that no man could have drawn any inference from any amount of paper of any description that he brought into the bank, and if letters of credit of another bank were brought in and were duly honoured there was no reason to make any inquiries about them. Mr. M'Kewan, the manager of the London and County Bank, distinctly swears that there was nothing unusual or contrary to banking rules in the manner in which these letters

of credit were passed, and the official manager of the Tipperary Bank has brought no evidence to contradict that assertion. Those orders must, in fact, have been generally taken up with money supplied by John Sadleir, as their amount, together with the sums lent for the purpose of purchasing Irish land, far exceeds the debt due by Sadleir to the Tipperary Bank. But the letter of the 16th June, 1853, from Mr. Frith to John Sadleir, is relied upon as showing that these letters, both in amount and form, were in fact looked upon with suspicion by the bank, and the subsequent change in their form was urged as a proof of the knowledge of the London and County Bank of the undue influence which John Sadleir exercised over his brother James. I do not view it in that light. The nature of letters of credit was well known. In form it was a request from the Tipperary Bank to its correspondent in London, Messrs. Glyn and Co., to honour the drafts of John Sadleir to a certain amount, after the expiration of a particular period therein named. The proper mode of using them would be for John Sadleir to keep the letter, or to present it to Mr. Glyn; and when the proper time arrived to draw a cheque on Messrs. Glyn and Co. for the amount specified in the order. It is proved not to be unusual for banks to discount such letters, but they were not strictly negotiable. The London and County Bank, if those letters of credit were dishonoured, would have had no remedy against either Glyn's Bank or the Tipperary Bank. Its remedy would be only against John Sadleir. His remedy would be only against the Tipperary Bank, and theirs against Messrs. Glyn and Co. The inconvenience of the roundabout liability on those letters of credit was not felt in practice, as the holders regard more the certainty that they will be regularly paid than the nature of the remedy which they would have in the event of their being dishonoured, and as a set-off they had the convenience of not being liable to stamp duty. But when the London and County Bank saw the magnitude of those orders, they required them to be given in a form to bind the bank which issued them; and this is accordingly done, and the form is changed. I see in this no proof of any undue influence over the Tipperary Bank. It would equally have been done if John Sadleir had given to the Tipperary Bank full value for those orders. It would not be an unreasonable request to be made to a bank by a customer, whose transactions with it amounted to £100,000 a-year, to say, "I wish to have your letters of credit given in a form in which they would be negotiable in London." I rather think the London directors would have felt considerable astonishment if the Irish country bank had not at once altered its forms to meet the views of the metropolitan establishment. Mr. Frith's letter shows that the London and County Bank was by no means anxious to get those orders, and it rather disproves the notion of any conspiracy among the directors of the London and County Bank to rob the Tipperary Bank through the instrumentality of John Sadleir, and yet,

unless it is used for this inference, the evidence is immaterial. The main question will turn on the proof of notice, actual or constructive, of the memorandum of the 15th of March, 1855, and it would be difficult to draw any inference of notice of that memorandum from facts which occurred before that memorandum was in existence, or even in contemplation; and if any inference was to be drawn, it would be rather on the other side, since the more reason there was to believe that John Sadleir exercised an unlimited influence over James, the less reason there would be to suspect that James had required any security from John. For these reasons, which I have endeavoured to state very concisely, I have formed a very decided opinion that the rights of the parties claiming under the different securities must depend altogether on the nature of those securities, and the circumstances under which they were executed. The following is a short account of the circumstances preceding and attending the execution of the document of the 15th of March, 1855, which is the security on which the official manager of the Tipperary Bank relies: On the 6th of March, 1855, John Sadleir applied for and obtained a promise from the directors of the London and County Bank to discount an acceptance of the Tipperary Bank, at two months' date, for £20,000. This is urged as a clear proof of the improper control which John Sadleir exercised over the Tipperary Bank. I cannot see it in that view without the light which subsequent experience has shed on the transaction. John Sadleir might have procured the acceptance of the Tipperary Bank in exchange for tenants' notes or other Irish securities satisfactory to the Tipperary Bank, although they might not be negotiable in London. In fact, he had not the acceptance in his possession at the time, neither had he such influence over his brother James as to enable him instantly to procure it. James Sadleir, when applied to by his brother, refused to accept the bill, and wrote a very angry letter to John Sadleir, dated March 7, and in his correspondence of that week he complained of the unsuccessful speculations and the large advances (about £174,000), which had brought his bank to the brink of ruin, and he declared that he would not make further advances without security and authority to sell the Irish estates. On this Mr. Keating, their cousin, who was a director of the London and County Bank, was sent over as ambassador from John Sadleir to the Tipperary Bank. The account then given by Mr. Murphy and Mr. James Baron Kennedy of the preparation of the memorandum of the 15th is this: On Monday, the 12th of March, James Sadleir, Robert Keating, Mr. Kennedy, the solicitor for the Tipperary Bank, and some of the directors of that bank, met by appointment in the bank parlour of Clonmel, and calling in the aid of Mr. Murphy as counsel, the memorandum of the 15th of March was prepared, and was entrusted to Mr. Keating, together with the acceptance of the Tipperary Bank for £20,000, with instructions not to deliver the latter

to John Sadleir until the former was duly executed. Keating performed his task with fidelity; he altered the memorandum, by inserting some denominations of land which had been inadvertently omitted, and he got it duly executed by John Sadleir, in the office of the London and County Bank, in the presence of Mr. Nichols, the secretary to the bank, who set his name to it as a subscribing witness. This latter circumstance was pressed a little as a proof of notice, but I consider it immaterial, as Mr. Nichols' evidence is very distinct, that he signed the document as witness, without any knowledge of its contents, and that he was in the habit of attesting documents in that way. It is also urged that the delay of more than a week, which occurred between the agreement of the directors of the London and County Bank to discount the acceptance, and the presentation of that acceptance by John Sadleir, ought to have led the directors to suspect something wrong. I see nothing in the matter to have caused them a moment's thought. When once the consent had been given, the discount itself would have been matter of routine. The delay might have been caused by many reasons, but surely it could not have suggested to any mind that John Sadleir possessed unlimited influence over James, when it was the absence of that unlimited influence that had been the cause of that slight delay. The form of the memorandum of the 15th of March was an agreement by John Sadleir in consideration of advances made, and to be made, by the Tipperary Bank, to give James Sadleir and Robert Keating full power to sell the lands mentioned in the schedule annexed thereto, and in the meantime to receive the rents and profits, to pay the sums due to the bank, with the usual agreement for further assurance. It was a good equitable mortgage, of which James Sadleir and Robert Keating were the trustees. This document was not registered. Mr. Kennedy's evidence on this point in cross-examination is, "James Sadleir gave me instructions not to register the deed, although I told him the effect of not registering it. I advised him to register it, and he said not. He said that the effect of it might be to injure John Sadleir's credit; he would not have it registered." This is fully corroborated by Mr. Kennedy's letter to Mr. Murphy on the preparation of the more formal deed which was to carry out the intention of the parties, and which shows the anxiety of the parties that nothing should appear which might show to the public that John Sadleir had given any security or mortgage affecting his Irish estates. However, notwithstanding the assistance which he received on this occasion from the Tipperary Bank, he fell again into difficulties, from which the Tipperary Bank, itself being in a similar state of embarrassment, was unable to relieve him; and James Sadleir went to London, in order to procure a large advance from the London and County Bank to John Sadleir. Accordingly, he had an interview with a committee of the directors, to whom he professed to give an account of the state of John Sadleir's affairs, and of the security

which he proposed to offer, not only for the large sums which were already due, but also for the further loan of £90,000, which was required to meet his pressing engagements. This took place in the last week of July, 1855, and the proposal then made was substantially, although not in form, accepted. Mr. Wilkinson, the solicitor of the London and County Bank, was directed to make a report to the board of the securities offered on behalf of John Sadleir, and the view which he took of his instructions, and of his duty as solicitor, was to prepare a report simply describing the securities according to James Sadleir's statement of their nature and value, without any comment, even when that statement was palpably erroneous. The report was adopted, and never, perhaps, was a transaction of such magnitude negotiated and completed with such a cursory and negligent examination of the securities. Accordingly, twenty deeds are executed on the 2nd of August, assigning his Irish estates in form to J. W. Burmester, F. J. Law, and James Sadleir. Those deeds were duly registered. They were mere assignments of the properties to the grantees. The trust was not declared in the body of the deeds, but they were undoubtedly executed to secure the debt due to the London and County Bank, and a valid declaration of trust was subsequently executed. The London and County Bank claim priority by virtue of those deeds over the equitable mortgage of the 15th of March, on the grounds of their having been duly registered, and of their passing the legal estate, and of their having been accompanied by the possession of the title-deeds, and of the alleged fraudulent concealment of the equitable mortgage; and on an examination of all the evidence and documents in this case, I am of opinion that they are entitled to the priority which they claim. Their case is a very simple one, and it rests upon their opponents to displace it. They claim under the first registered deed, and they are entitled to priority (unless actual notice can be proved against them) over any unregistered contract. The word "fraud" has been frequently used in the argument, but unless there was notice, I do not understand how there can have been any fraud relevant to the matter in issue. On the point of notice, not a single fact is elicited which would suggest the belief that any one of them had notice (or even a suspicion, although that would not be material) that John Sadleir had given the memorandum of the 15th of March, or any other charge on his real estates, to the Tipperary Bank. The official manager produces no witness to prove notice, or any fact suggestive of notice. Moreover, it is proved by the concurrent testimony of several witnesses that James Sadleir, the managing director of the Tipperary Bank, was asked by Mr. Wheelton, the chairman of the committee of directors of the London and County, when they were in negotiation for the loan and securities in July, 1855, whether John Sadleir owed any money to the Tipperary Bank; to which he replied, in a careless man-

ner, that he owed about £40,000. He was then asked whether the bank held any security, and he answered that it did not. I cannot believe that all the evidence given before me is that of perjured witnesses, and that the directors of the London and County Bank, with knowledge of the condition of affairs, and without any prospect of gain to themselves or to their bank, were engaged in conspiracy to defraud the Tipperary Bank by making large advances to John Sadleir. The sum of £95,000 advanced in August, 1855, to John Sadleir, was very nearly equal to the full value of the estates included in the agreement of March, exclusive of those lands already pledged by deposit of title deeds to the London and County Bank. The evidence rather shows that both John Sadleir and the Tipperary Bank were unable to meet their engagements—the failure of John Sadleir would bring instant ruin to the Tipperary Bank, and that therefore its manager, James Sadleir, and John Sadleir engaged in a fraud to obtain a large advance of money from the London and County Bank upon representations which they knew to be worthless. On the whole, I must consider the charges of actual notice and actual fraud in the body of directors as being effectually disproved, and it remains only to consider the legal effect of that actual knowledge which really did exist in certain individuals. Three persons engaged in the transaction certainly had knowledge of the existence of the agreement of the 15th of March, 1855, namely, John Sadleir, the chairman of the London and County Bank, Robert Keating, one of the directors, and James Sadleir, the manager of the Tipperary Bank and one of the trustees of the deeds of the 1st of August, 1855. Even if it could be contended, with respect to ordinary cases, that notice to the chairman was notice to the bank, still there could be no room for such an interference in this case. John Sadleir was not acting as an agent of the bank on this occasion, nor were the directors reposing any confidence in him. They were holding him at arm's length—so much so, that they would not accept his statement of his assets except on the guarantee of his brother James. The notice to Robert Keating is not liable to the same observation, but I consider his notice immaterial. His knowledge was knowledge of a document which it was the intention of all parties to it from the beginning to keep secret. The memorandum of March was not a document accidentally left without registration. It was left unregistered in contradiction of the policy of the Registry Acts, for the purpose of keeping that secret which the Legislature intended to be disclosed. It would be contrary to every principle of justice to extend any presumption of notice to such a case. In order to judge of the effect of the notice to James Sadleir, it is necessary to consider the reason upon which it has been held that notice of a prior unregistered instrument prevents (in equity) a party taking under a subsequent instrument, duly registered, from availing himself of the priority given to him by the terms of the Registry Act. The first instrument is binding, in moral equity,

on the granter. It is a fraud on his part to execute a second instrument in violation of it, and the second grantee taking, with knowledge of that fraud, becomes a participator in it, and cannot rely upon a deed which he knew to be fraudulent at the time when he became a party to it. Moral fraud, which requires actual notice, is the foundation of the rule. Notice to the agent in the transaction is notice to the party himself, who has put the agent in his place for the purpose of managing the transaction. If this were not the rule, a purchaser might always avoid notice merely by employing an agent to do his business. But it is difficult to apply such an argument to the case of knowledge possessed by a mere trustee—one John Doe or Richard Roe—to whom the parties, for some purpose connected with the rules of conveyancing, find it convenient to give the legal estate. It frequently happens that the legal estate (as in the case of merely equitable mortgages) remains in the mortgagor, who thereby becomes a trustee for the mortgagee; but it never has been contended that his knowledge of a prior unregistered equitable mortgage executed by himself would have the effect of setting it up against the subsequent equitable instrument duly registered; and if he presented a petition for sale, the Court would distribute the proceeds according to the Registry Acts, without considering what equities personally affected the mortgagor himself. He would be allowed no voice in determining the question for what party he should be considered a trustee. It is true that in order to defeat a settlement it is often important to fix the trustees with notice of prior equities; but this is for the protection of the issue of the marriage. Notice to the trustees is required in addition to, and not in substitution of, notice to the parents. No case has been cited in which, in the absence of notice to the contracting parties and to their agents, a prior unregistered instrument has been set up in consequence of a notice of it in a bare naked trustee of the settlement. But this case rests upon still stronger grounds. James Sadleir was not so much a trustee for the London and County as for the Tipperary Bank. That bank was intended to have an interest in the deeds of the 1st of August, as it was expected to guarantee the payment of the debt due by John Sadleir. It was right, therefore, that the Tipperary Bank should be consulted in the nomination of the trustees, who were to carry out the sales, and this was fairly done by appointing James Sadleir, the manager and director of the Tipperary Bank, to be one of the trustees on the part of the Tipperary Bank, in addition to two trustees appointed on behalf of the London and County Bank. This is confirmed by the subsequent conduct of the parties. The money, £95,000, lent on the security of those deeds of the 1st of August, is placed to the credit of the three trustees, to be drawn out on their joint drafts. They disburse it in drafts, not in favour of John Sadleir, but of James, the manager of the Tipperary Bank, and when the money is thus placed within his control, he pays nearly one half of it—viz.,

more than £40,000—into Glyn's Bank to the credit of the Tipperary Bank, thus reducing its account with John Sadleir, and relieving its own most pressing necessities. It is true that the account with John Sadleir subsequently increased, and that the Tipperary Bank failed; but those subsequent advances were made by James Sadleir with the full knowledge that they never could be paid. Early in August, after the execution of the deeds of the 1st of August, the London and County Bank sends Mr. Stephens, one of their solicitors, to Ireland to make further inquiries respecting the properties, and to register the deeds. He applied to Mr. Kennedy, the solicitor for the Tipperary Bank, for information and for assistance in registering the deeds. Mr. Kennedy did not disclose the memorandum of the 15th of March, which he thought was abandoned, and which he knew was to be kept a secret; but he does inform Mr. Stephens that Mr. Eyre held securities affecting some of the estates. Mr. Stephens then wrote to his clients in London, and accordingly part of the money about to be lent was stopped until those securities were released. Mr. Kennedy also gave some advice and assistance in registering the deeds, and it is contended that this made Mr. Kennedy the solicitor and agent of the London and County Bank, for the purpose of fixing them with the notice which he possessed of the agreement of the 15th of March. It would, I conceive, be inequitable, and contrary to the principles upon which notice to the agent is held to be notice to the principal, to hold that the purchaser (who employs an agent who really does the work) is to be affected by notice given to a person who is employed only for some specific purpose, and who is under no obligation to communicate the knowledge which he possesses. Two deeds are executed in September, the utility of which I do not comprehend. I think the proper mode would have been to have only one deed instead of two, and for some time I looked with great suspicion upon the first of those deeds, dated 7th September, declaring a trust for John Sadleir. Their effect was, by the first, to declare a trust by the three trustees for John Sadleir; and by the second, bearing date the following day, but obviously forming part of the same transaction, the trusts are declared to be, in the first instance, to pay the debt due to the London and County Bank, and out of the residue to pay the debt due to the Tipperary Bank. Under those deeds portions of John Sadleir's estates were in his lifetime publicly sold by auction in Dublin, and the proceeds applied in payment of the debts which were due to the London and County Bank. Another circumstance occurred which showed the openness with which the affair was transacted on behalf of the London and County Bank, and the audacious fraud practised by the manager of the Tipperary Bank. The deed of guarantee of the Tipperary Bank required for its validity to be signed by several directors, and approved of by them at a board. Application is accordingly made to Mr. Kelly, the manager at Clonmel. He regrets that the letter came too late

to be laid before the board of directors that day, and he finally goes through the farce of sending the solicitors for the London Bank an official copy of the minutes of the board of directors of the Tipperary Bank, recording the names of the directors present at the meeting, and a deed of guarantee duly executed by the directors. However, on investigation it turns out that those gentlemen named as directors in the minutes of the proceedings were only sham directors: that they did not even ostensibly fill the office, and an attempt is made to show that the directors of the London and County Bank, or their solicitors, were parties to this fraud upon themselves. A copy of the minute was sent over from London, and, when now produced, it has the names of the sham directors introduced in pencil in the handwriting of John Sadleir. The evidence, however, on the part of the London Bank directors completely disproves all participation on their part in this fraud. It would, indeed, have been a fraud without an object. It would have been engaging in a conspiracy to rob themselves. They never could have hoped to make the Tipperary Bank liable by means of an instrument not executed by any of the directors of that bank. It is too much to call upon the Court, in opposition to the testimony of many witnesses, to believe that the directors of the London and County Bank were aware of the fraud of James Sadleir, which he could so readily have concealed, and which he had no interest in disclosing. There could be no security in dealing with any establishment if the Tipperary Bank is not bound by the representations of James Sadleir and the correspondence with Mr. Kelly. This seems to be a stronger case than "Perry Herrick *v.* Attwood," where a security was postponed because the party taking it entrusted the deeds to the mortgagor for the purpose of enabling him to raise a limited sum of money, which he in fact exceeded. I feel bound, therefore, to overrule the objections of the official manager. I cannot be influenced by any consideration of the loss which may fall upon the innocent shareholders and creditors of the Tipperary Bank. I must not, to alleviate their loss, inflict an injustice on the equally innocent shareholders of the London and County Bank. I have entered at more length than usual into the circumstances of the case, in order that both parties may have an opportunity of correcting, on the hearing of an appeal, any erroneous inferences of law or fact which I may have drawn from the evidence; and a case of such importance and difficulty ought not to be terminated without an appeal to the highest tribunal. I have only to add, with regard to costs, that the general practice is to award the costs to be paid by the defeated party; but when the case at issue is a contest for priority between two undoubted creditors, it is not unusual to award costs out of the funds in the matter. Considering that the defeated party suffers enough by the loss or diminution of the security for his debt, I shall follow the latter practice in this instance, as I am of opinion that the official manager, after the information which he received from James Sadleir, one of the petitioners, was bound to institute the investigation

which has taken place. He would have neglected his duty if he had permitted all the funds to be paid out without objection to the London Bank. He found that the prior equitable instrument under which he claimed was opposed by a subsequent transaction, in which all the parties to the prior instrument were concerned. It has been insinuated that certain charges were made less with any hope of succeeding than for the purpose of terrifying the solicitors and directors of the London and County Bank into a compromise by a threat of exposing their misconduct. If I thought there was any ground for such an insinuation, my ruling as to the costs would have been different; but I award no costs personally, because I believe that those charges were honestly and sincerely made, without any indirect purpose, and that the only mistake into which the official manager has fallen (and perhaps the result of the appeal may be to show that he was not in error there), was in inferring any fraudulent dealings with the Tipperary Bank from certain acts of some of the directors of the London and County Bank, of which their own shareholders alone had any reason to complain. Rule—Overrule the objections to the schedule filed by the official manager of the Tipperary Bank, and let the petitioners have their costs in the matter.

Notice of appeal was given.

THE PROCEEDINGS IN THE BANKRUPTCY OF MESSRS. DAVIDSON AND GORDON.

APPLICATION FOR THEIR CERTIFICATES.

(*Before Mr. Commissioner* GOULBURN, *November* 13, 1858.)

Mr. Linklater appeared for the assignees; Mr. Roxburgh for Daniel Mitchell Davidson; and Mr. Lewis for Cosmo Willliam Gordon.

The following is a copy of the report of the balance-sheet and accounts, prepared by Mr. Hart, acting for Mr. Nicholson, official assignee.

The petition bears date June 20, 1854, and the 19th of August, 1854, was originally fixed for the last examination, upon which day the bankrupts did not surrender. Both bankrupts surrendered on the 16th of December, 1857, and the 10th of March, 1858, was appointed for their last examination. On the 10th of March the last examination was adjourned until June 2. The accounts not being then filed, the meeting was adjourned to July 7. The balance-sheet commences the 1st of January, 1853, with a surplus of £52,520. It embraces a period of one year and six months, and shows the following figures:—

Creditors			£36,023 2 1
Creditors holding seccurity	£231,329 5 7		
Less value of security	120,425 18 1		
		110,903 7 6	
Liabilities		74,874 7 2	
Carry forward		£221,800 16 9	

Brought forward . .				£221,800	16 9
To meet which the assets are returned—					
Debts contracted, good . . .	£378	6	0		
Ditto, doubtful	5,349	13	8		
Property	2,600	0	0		
Amount standing to the debit of the West Ham distillery, being cost thereof	206,189	1	10		
				214,517	1 6
Leaving a deficiency of				7,283	15 3
To which must be added—					
Surplus in January, 1853				52,520	6 0
Profits on trading				26,576	8 10
Ditto, West Ham distillery . . .				22,413	13 0
				£108,794	3 1
Which is disposed of as follows—					
Sundry expenses in trade . .	£3,871	7	9		
At distillery	12,272	3	5		
Losses	2,440	19	4		
Bad debts	11,371	13	9		
Amount drawn out by Davidson .	1,104	16	2		
Ditto by Gordon	2,660	13	3		
Liabilities per contra . . .	74,874	7	2		
Difference in balance . . .	198	2	3		
	£108,794	3	1		

The bankrupts state that they commenced business in 1841, in partnership with Thomas Sargant, under the firm of Sargant, Gordon, and Co. The capital of the firm was £7500; each of the bankrupts had about £3000. Subsequently this capital was largely increased by additional money brought in by Davidson and Gordon. This partnership continued until 1849. About 1847 the firm of Sargant, Gordon, and Co. stopped payment, and compositions were paid to the various creditors, varying from 10*s.* 6*d.* to 12*s.* in the pound. The liabilities were then about £60,000. In 1849 Davidson and Gordon commenced by themselves, and by a statement entered in their books they appear to have had a capital of £5300. By an account taken in December, 1850, this capital appears to have increased to £8750. No other statement of capital, for any period subsequent to 1850, appears to have been made. Messrs. Davidson and Gordon had large transactions with Mr. Webb. These transactions commenced about the end of 1848. Webb was introduced to them by Mr. Tindall, who gave them a guarantee to the extent of £3000. Davidson and Gordon purchased for Webb molasses and sugar, and they also advanced him cash from time to time to pay duty. The transactions in

1849 were about	£82,000
1850	275,000
1851	500,000
1852	598,000
1853	492,000

About July, 1851, finding that Webb's account was so heavy, and that he was entering into other matters, Davidson and Gordon obtained security for their debt by taking a mortgage upon the distillery at West Ham. In July, 1853, Davidson and Gordon took possession of the distillery under the mortgage, at this time Webb owing them about £184,000. Davidson and Gordon were then liable on Webb's bills to the amount of about £38,000, and subsequently they advanced money to Webb's creditors in the shape of a composition upon his debts. Upon closing the account with Webb, the debit against him amounted to £209,000, which is taken as the cost of the distillery. The surplus with which the accounts commence arises from a statement showing that in January, 1853, the bankrupts had assets consisting of debts and property amounting to the sum of £325,121, against which the liabilities were £272,601, leaving a surplus of £52,520. The figures in this statement are extracted from the bankrupts' books and accounts. The liabilities are returned at the sum of £164,874 7*s.* 2*d.*, of which £104,000 were upon bills renewable, the remainder upon bills in connection with Cole Brothers and Webb. Of these liabilities about £90,000 have run off, and will not be proved upon the estate, leaving, therefore, a net liability of about £74,800. The profits on trading, also the profits upon the West Ham distillery, are vouched by the bankrupts' books. The expenses are also vouched. The drawings are also vouched, with the exception of two sums of £200, which the bankrupts have charged as drawings, and which in fact represent the amount disbursed by the bankrupts between the time of their leaving this country and their surrender. The official assignee concludes his report by stating the books given up by the bankrupts, which it is needless to detail, as admitted upon all hands, had been well and accurately kept. An analysis of the separate balance-sheets is also given, but this it is needless to publish.

Mr. Linklater, on behalf of the assignees, addressed the Court. It was impossible for the assignees to ignore the fact that the bankrupts had been convicted elsewhere, and had undergone a considerable punishment, having been convicted and sentenced to two years' imprisonment and hard labour. It was with a feeling of regret that the assignees, in discharge of their duties to the creditors, to the Court, and to the public, had instructed him to bring under the notice of the Court, the facts of this singular case. He must ask the Court wholly to refuse the certificate. Gordon was formerly a member of the firm of Sargant, Gordon, and Co. That firm made a composition with its creditors. Subsequently Gordon and Davidson entered into partnership, and carried on business as colonial brokers and metal agents. The balance-sheet of the bankrupts was of a very startling character. It stated that in January, 1853, the bankrupts had a surplus or capital of £52,000, but this capital consisted wholly of figures, and was entirely unreal and unsubstantial. In January, 1853, they owed to unse-

cured creditors, £86,859; to secured ditto, £185,741; the property held by creditors was £15,600; Messrs. Overend, Gurney, and Co., were creditors, Jan. 1, 1853, for £151,277, and held against it property about £15,000. The debts were said to amount to £305,600, of which sum, due to the bankrupts, no less than £235,000 was said to be due to them by a person named Webb, who carried on the West Ham distillery; £50,000 was due to them by Joseph Windle Cole, so that £285,000 was owing to them by Webb and Cole. Advances to a very large amount were made by the bankrupts to Webb, and it would be a question whether the bankrupts, when they made those advances, could have any reasonable prospect of their repayment. The alleged surplus of £52,000 consisted, for the most part, of Cole and Webb's debts, which the bankrupts must have known was hopelessly lost. The bankrupts, the Court would observe, had commenced business with only a few thousand pounds capital; but had, in a few years, increased their dealings to the amount of from £500,000 to £1,000,000 annually. During this time, their bill dealing and bill discounting were enormous. In October, 1853, the bankrupts discovered that some spelter warrants, handed to them by Cole, representing property to the amount of many thousands, and deposited with Messrs. Gurney, Overend, and Co., were fictitious; that there was no spelter to represent those warrants; that the spelter had been removed by Cole; and under such circumstances it was manifestly impossible they could hope to receive one shilling of the debt due to them by Cole. In August, 1853, it was also obvious to them that Webb was utterly insolvent. When Webb stopped, the bankrupts became guarantee for the payment of 2*s.* 6*d.* in the pound, taking the distillery into their own hands. In October, 1853, the bankrupts must have been aware that the warrants were fictitious, and they had, or at least Gordon had, an interview with Chapman. Cole had confessed to Chapman that the warrants were fictitious. Overend and Gurney had received a promissory note of the bankrupts for £120,000—a note drawn by the bankrupts in favour of "Cole Brothers," and endorsed to Messrs. Overend. The day after the interview between Gordon and Chapman (one of the members of Messrs. Overend's firm), the title-deeds of the distillery were deposited with the latter, and they were not obtained from the hands of their solicitor until after the bankruptcy. The interview between Gordon and Chapman was, at Chapman's request, kept concealed.

COMMISSIONER.—Concealed?

Mr. LINKLATER.—Yes; and here he must state, with whatever reluctance, that although Messrs. Overend, Gurney, and Co. knew Messrs. Davidson and Gordon were guilty parties, they, nevertheless, permitted Messrs. Davidson and Gordon, and J. W. Cole, to go on, with what object, might be best judged from the fact that in January, 1853, the debt

due by the bankrupts to Overend and Co., was £150,000, whilst at the time of their failure it had been reduced to £110,000, thus Messrs. Overend clearing themselves to the extent of £40,000; and it should be also borne in mind that a considerable portion of Messrs. Overend's debt was represented by interest with which they charged Messrs. Davidson and Gordon. The bankrupts had also given a promissory note to Cole for £120,000, which was passed to Messrs. Overend and Co. as security. The firm of Overend also held, at the time of the bankruptcy, the title-deeds of the distillery. They (the bankrupts) now owed about £150,000, for which they had assets, good debts, £378; doubtful debts, £5304; in property, £2600. It was greatly to be lamented that in October, 1853, when Messrs. Overend discovered Messrs. Davidson and Gordon's, and Cole's position, they did not at once put a stop to their career. It was to be regretted that for any consideration or for any pecuniary advantage, Messrs. Overend had been induced to continue their course with the bankrupts. Cole became bankrupt; he was indicted for frauds committed with the dock warrants, and sentenced to four years' imprisonment. Davidson and Gordon went on as long as they could, and when they could go on no longer, they left the country. They travelled over a great part of the continent, visiting Ostend, Berne, Malta, and Naples, and, in fact, they left England when their embarrassments could no longer be concealed, and returned when foreign states became too hot to hold them.

Mr. ROXBURGH.—My client came voluntarily from Malta.

Mr. LINKLATER.—Yes; you may call it "voluntarily" if you like, but they were under surveillance, and felt it abroad. The detective officer returned with them.

COMMISSIONER.—Can it be said that bankrupts who so act, have, in the words of the statute, conformed to the law of bankruptcy?

Mr. LINKLATER.—Well; I should think not. When the bankrupts landed at Southampton, they were in custody at that moment. Mr. Linklater then alluded to the offences for which they had been tried; but as those trials have been before the public, it is needless to recapitulate the circumstances. The last trial—that upon which they were convicted under the 253rd section of the Bankruptcy Law Consolidation Act, which is to the effect that if any bankrupt shall within three months next preceding his bankruptcy, under the false colour and pretence of carrying on business and dealing in the ordinary course of trade obtain on credit from any other person any goods or chattels with intent to defraud the owner thereof; or if any bankrupt shall within such time or with such intent remove, conceal, or dispose of any goods or chattels so obtained, knowing them to have been so obtained, every such bankrupt shall be deemed guilty of a misdemeanor, and on conviction be liable to imprisonment for any term not exceeding two years, with or without hard labour.

This extreme sentence the bankrupts had undergone, and this was the main reason the assignees did not wish then to press more severely on them than their duty compelled them to do. Since the bankruptcy he cheerfully admitted that the bankrupts had given to the assignees, in the realization of their estate, all the assistance in their power, and their aid had been of much use in collecting the assets, though not at all adequate to the reparation of the grievous injury which they had inflicted upon their creditors. On behalf of the assignees he felt bound to ask that the certificates be wholly refused.

The COMMISSIONER reminded Mr. Linklater of the maxim, *nemo bis punitur pro eodem delicto.*

Mr. LINKLATER replied that this was an overt act on the part of the bankrupts. They asked the certificate of the Court to go into trade again; they asked the Court to state that they had conformed to the law of bankruptcy. How could the commissioner do this? Mr. Linklater referred to the case of "Ex parte Dobson," 25 L. J. Cases in Bankruptcy.

The COMMISSIONER admitted, after hearing the *dicta* of Lord Justices Knight Bruce and Cranworth, that the authority for Mr. Linklater's view was very strong, and added that it was very fortunate for the creditors and the public that the assignees were represented by Mr. Linklater.

Mr. ROXBURGH said that in the case of Dobson, to which Mr. Linklater referred, there had been no indictment.

Mr. LINKLATER.—I am not aware of any case where a bankrupt, having been convicted, applied to the Lords Justices for a certificate. There is no such precedent.

Mr. ROXBURGH.—Then perhaps we would make a precedent.

COMMISSIONER.—Suppose the case of a pardon from the Crown. It is laid down that having undergone a punishment is equivalent to a pardon.

Mr. LINKLATER.—In the case of outlawry, upon reversal, the civil rights which had been suspended revive.

The COMMISSIONER said this was a case which ought to be fully and thoroughly investigated. It was one of much importance to the commercial public, and nothing ought to be left undone to elicit the whole truth. The bankrupts' transactions with Mr. Chapman, of the firm of Overend, Gurney, and Co., ought to be well sifted, for otherwise it would be impossible for the court to arrive at any satisfactory conclusion relative to the conduct of Davidson and Gordon. He desired, therefore, that Mr. Chapman be called and examined in this court, so that he might tell them what he recollected of the interviews with the bankrupts. I say again, it highly imports commerce itself that those transactions be fully explained; and upon former occasions I was always of opinion that upon this head they stopped rather short. I think Mr. Linklater, as representing the assignees, is bound to see to this.

Mr. LINKLATER.—I certainly will.

Mr. LEWIS.—What the bankrupt Gordon stated to-day is all fours with one of Mr. Chapman's statements.

Mr. LINKLATER.—Which of them? I believe there are three or four. It is not consistent with that made under the bankruptcy.

COMMISSIONER.—I think it is your duty to summon Mr. Chapman.

Mr. LINKLATER.—I will. His position shall not deter me from treating him as an ordinary witness.

COMMISSIONER.—You will of course treat him as A. B. or C. D.

Cosmo William Gordon examined by Mr. LINKLATER.—[The witness did not seem in the least cast down. He leaned over on the side of the witness-box, put up his glass, surveyed the bench and bar with admirable coolness, and seemed as unconcerned as any other man in court.] He deposed: I was formerly in partnership with Sargant, Gordon, and Co. It failed in 1847. The debts of the firm were about £60,000. A compromise was made with the creditors of from 2*s.* 6*d.* to 10*s.* or more. I entered into partnership with Davidson in 1848 or 1849. He brought in some capital; I cannot say how much. He, too, was in the firm of Sargant and Co. Our capital was about £3000, £4000, or £5000. In December, 1849, it was £5300. Prior to January, 1853, we had made large advances to Mr. Webb, who was introduced to us by Mr. Tindall, a deputy chairman at Lloyds', a Quaker. Noble was a distiller; we purchased molasses and sugar from him. In January, 1853, Webb was indebted to us more than £230,000. We held produce to the amount of £62,000, produce purchased for him, and not delivered. We drew upon Webb, and discounted with Messrs. Overend and others. The report of the official assignee is correct. We held security for the whole of Webb's debt. We held beside produce shipments £22,000, and the mortgage of his distillery for £144,000. A portion of that sum was for advances to Webb to carry on the distillery, or for goods delivered. The title-deeds of the distillery were with us in January, 1853. Webb failed in August or September, 1853. I think he paid a composition of 10*s.* in the pound. We paid 2*s.* 6*d.* in the pound, and guaranteed 2*s.* 6*d.* more for Webb in the pound. Webb then retired from the distillery. We got nothing from Webb for our own debt. We then took possession of the distillery, and carried it on on our own account. The title-deeds of the distillery remained with us to the latter end of 1853. A portion of the deeds was deposited with Mr. Nicholson. We did not deposit the mortgage or lease at all with Messrs. Overend. We owed Messrs. Overend £151,000 in October, 1853; they held warrants as security, and they held securities for the whole amount of their debt, with a margin. In October, 1853, I had an interview with Mr. Chapman, of the firm of Overend, Gurney, and Co. I deposited spelter warrants with Messrs. Overend, but do not know there was any spelter to represent them;

I was not so told by Chapman or Cole. Cole did not say the warrants were fictitious, nor anything to that effect. Cole said he had taken the matter upon himself. Cole said he was not able to get possession of the spelter. Chapman told me that Cole had stopped the goods, and could not get possession of them. Chapman asked me, that being so, how I should be able to liquidate their debt? Cole said, as he could not get the goods, he had taken means to cover himself. These warrants represented about £60,000. Cole had stopped the goods to which the warrants referred. I did not inquire whether the spelter was at the wharf or not. At the interview with Mr. Chapman it was my belief Messrs. Overend would get possession of the spelter; how it was I know not. Cole was not in October, 1853, indebted to us; he did not give a promissory note to Messrs. Overend and Co. for £120,000. I gave such a note, payable to "Cole Brothers," on the understanding that it was going to Overend and Co. I was not then indebted to Cole for £120,000; I was indebted to Cole, but we did not agree as to the amount; but it was not so much as £120,000. As we could not get the spelter warrants for £60,000, we were not indebted so much to Cole. The promissory note was sent to Messrs. Overend. Our indebtedness to Cole was not discussed at the interview with Mr. Chapman. I went into the particulars of the distillery business with Chapman. I did not deposit the deeds with Chapman. I heard Cole had deposited the deeds of the distillery with Chapman. We transferred the deeds to Cole to protect the distillery from Webb's creditors, so that we might be secure. The consideration for the transfer was the sum in which Cole said we were indebted to him—£150,000. We did not owe him that sum. If the warrants held by Overend and Co. had been delivered we would owe him £60,000. In August, 1853, the deeds of the distillery went out of our possession and into that of Cole. Messrs. Overend sold some of the warrants. I never got any; heard some were delivered to buyers. I know of no fictitious warrants. At the interview with Mr. Chapman the details of the distillery were discussed. The warrants were valueless to Messrs. Overend by reason of Cole's stoppage. I believe that all the spelter was at the wharfs through the whole transaction, and that the warrants were genuine. The reason alleged by Cole for the non-delivery of the spelter was because there was a dispute between us as to advances. I understood Cole to say the spelter would be delivered. The spelter was always in Cole's name. There was no transfer; it was a mere deposit of the warrants. I do not recollect it being stated by Cole, at the interview with Chapman, that the spelter had been recovered. I was introduced to Webb by Mr. Tindall, who guaranteed his transactions to a certain amount. I dealt with him so extensively in consequence of that introduction. Warrants were sold to various parties by Messrs. Overend to the value of £20,000. At the time I gave Cole the deeds I believed that all the goods represented by the war-

rants were delivered, and I never knew they were not. I expected that the spelter which the warrants represented would be delivered. I supposed the spelter was there; that Cole would remove any stop that might be upon it. I did not know Cole had any difficulty in getting at the spelter. Cole had formerly stated that he protected himself to the amount of £60,000. We might have given our acceptances for the amount, but I am sure we did not for the full amount. In October, 1853, we owed Cole £600. When I gave the promissory note for £120,000 to Cole I must have considered I owed him that sum. I did not keep the books. The cash was entered day by day, excluding the £60,000 warrants. I do not know I owed Cole anything. Cole had the distillery deeds in his possession before the interview with Chapman. The promissory note and deeds were not given at the same time. I gave Cole the note for £120,000 because I thought it better to do so. Cole claimed that amount. Cole was to have cleared all the warrants; the warrants were delivered to the extent of £20,000. I did not hear the other £40,000 spelter was removed. I believe the spelter was at the wharf. I went to the wharf after I saw Chapman. I saw a vast quantity of spelter at the wharf; I believe it was all there, even £60,000 worth. I did not calculate how much spelter and copper were at the wharf. I believed it was all there—that I swear. This was after the interviews with Mr. Chapman. I did not hear Cole say there were no goods to represent the warrants—I swear that too.

Mr. Chapman's evidence was then referred to. It was objected to by Mr. ROXBURGH.

Mr. LINKLATER.—I only want to ask the witness whether what Mr. Chapman says is correct or incorrect.

Mr. ROXBURGH.—The evidence was taken behind the back of the bankrupt, who could not cross-examine him.

Mr. LINKLATER.—I am about to read the evidence given by Mr. Chapman at the trial.

Mr. ROXBURGH.—And I object to that. If there be a short-hand writer's note it must be proved. The Old Bailey reports are not authorized. You might as well read a newspaper.

Mr. LINKLATER would put the question differently. Witness said that, according to his recollection, what Mr. Chapman stated about a conversation regarding fictitious warrants was not true; that it was not taken for granted at the interview in question the warrants at the wharf were fictitious. I heard the warrants could not be delivered. I heard fifty-three warrants had been stopped by Cole, but I never heard they were without value; I never heard until after my bankruptcy that the warrants held by Messrs. Overend were without value. I should say there was a loss of £40,000 by the warrants. Mr. Chapman used no unkind language to me, The interview lasted about half an hour. No one was present. I had an

interview afterwards with Cole. The interview with Chapman did not last three or four hours, up to twelve o'clock at night, as well as I remember. Chapman said, "I wish the matter to remain between ourselves." After we went away Cole got into difficulties. I do not recollect that Chapman told me there were not any goods at the wharf to represent the warrants. I heard Overend and Co. lost £40,000 by the warrants; but I do not know it. We became indebted as agents to Messrs. Freeman and Co. Mr. P. Vaughan was a partner in that house. We had communications with him; we did not tell Mr. Vaughan we were using their moneys in our business. If Mr. Vaughan said I stated we had been using their moneys for our purposes he must have misunderstood me. That is not true. We owed Freeman and Co. £14,000 in October, 1853. I do not recollect having given Messrs. Freeman warrants for goods at the wharf before October, 1853. I gave Mr. Vaughan one warrant. I heard that the goods were there, and that the goods were not there, and that Messrs. Freeman got nothing. We gave them our note for what we owed them, and continued to be their agents down to the time of our leaving the country. Messrs. Freeman pressed us to make large sales of property. We did so, and made the sales to ourselves, and shipped the copper on our own account. We did not inform them we made the sales to ourselves. I do not recollect we told them we made the sales to any one else. Yes, in one or two cases, it was so to the extent of about £5000, perhaps. It was our duty to send true accounts of the sales, but I do not consider we sent untrue accounts. We paid Messrs. Vaughan, Freeman, and Co. a part of their debt in bills and money. They are not creditors now. There are some liabilities on bills of Mr. Hudson, but I believe they got security. They appear on the balance-sheet as liability creditors on bills receivable, £11,000. We owe to unsecured creditors £150,000, and in January, 1853, £86,000 to unsecured creditors. We went on down to June, 1854, buying goods and raising money on them. I considered I was solvent after both Cole's and Webb's failure. We had the distillery, and there was a large amount of consignments. Those consignments were not pledged. I find there was an unsecured margin of upwards of £100,000. I gave up good debts, £378; property, £2200; doubtful debts, £5349. Up to the last I purchased and consigned goods, generally borrowing money upon the goods. I went abroad June 17, 1854. I left because I could not meet the debt due to the Excise, £7100. I knew there were other engagements coming due. Davidson and I went to Ostend. We took £1500 with us in bank-notes; £500 I got from Davidson, and the other £1000 from bills discounted. I paid on the day I left for spirits £3100 for Grinnell, Clarke, and Co., and Hayes. I got bills, £3100, discounted. I received £2600, but I may be wrong. We got £500 besides from Messrs. Nicholson. Bennison and Leonard discounted the bills I had in my possession on June 17,

£3100. I considered the £500 as Davidson's own. A portion was given to Mr. Elmslie, £1600; he was our solicitor—a portion for law costs and a portion to retire, I think, Sardinian bonds, which I had received of my mother, who lent them to me, I forget when. I borrowed money on the bonds of Mr. Edwards. I think as much as £200. I left it to Mr. Elmslie's discretion whether or not he would redeem the bonds and give them to my mother. I did not think when we went away there would be a bankruptcy. I thought we would be back in a week as soon as the Excise were off. We invested £1100 of the money we took away in Prussian Railway Stock, and spent the rest. We went to Ostend and Aix-la-Chapelle. At the latter place we bought the railway stock. We stayed there two or three days. We then went to Cologne. We did not hear of the bankruptcy for some time after. I heard of my bankruptcy for the first time in Berne. We went to Baden, thence to Berne, and arrived there about a fortnight after we left England. We did not come back then, because we heard Cole had got into trouble about the warrants, and we wished to see the result. I heard there was a warrant out against us. I anticipated there would be proceedings against us under the bankruptcy. We offered to come back to our solicitor, Mr. Elmslie. We were at Neufchatel two or three months. Mr. Beard, a creditor, took steps against us and obtained the railway shares, but I am informed he is not entitled to them. We were at Genoa. We went from there to Naples, thence to Malta. We travelled in our own names. We found no one watching us except at Naples. Part of our object, no doubt, may have been to avoid pursuit. From Malta we came to Southampton, where the officer, who travelled with us, arrested us. We were arrested at Malta, and discharged by the magistrate. We offered Bull, the detective, to go to England at Malta, and he accepted our invitation.

Examined by Mr. ROXBURGH.—I left because I was unable to pay the Excise. I intended to arrange with the Excise and return in a few days. I had no idea of bankruptcy when I went abroad. I did not intend to delay my creditors. The distillery at West Ham cost £300,000, and the profits by it during nine months were £10,000. Several London firms attempted to ruin the distillery, but failed. Webb's security increased with his debt. We wished to have the distillery under our own control. Estimating the distillery at cost price, we were not insolvent. I thought the distillery would have paid us £40,000 a-year, and it would if we could have carried it on. I considered myself solvent in October, 1853. I thought the spelter warrants were genuine. I had in my possession in 1853 large quantities of sugar, by which we hoped to clear a large amount. I explained the whole nature of my dealings to Mr. Vaughan, who was satisfied, and continued us as agents of his firm up to our leaving England. The warrants I gave him I believed to be genuine. Whenever I dealt with

the spelter warrants I believed them to be genuine. In the interview with Chapman the genuineness of the warrants was never mentioned, and Chapman so stated in his evidence.

Mr. LEWIS.—I intend to postpone my cross-examination until Mr. Chapman has been examined.

COMMISSIONER.—I do not know that you ought to do that.

Mr. LEWIS.—I surely have a right to examine him after Chapman?

COMMISSIONER.—Do you oppose that course, Mr. Linklater?

Mr. LEWIS.—If not, I shall have to cross-examine the bankrupt twice, instead of once, and go over the same ground.

Mr. LINKLATER.—I am in the hands of the Court.

COMMISSIONER.—Well, in bankruptcy we do not tie ourselves down to very strict rules.

The further proceedings were then adjourned.

(*Before Mr. Commissioner* GOULBURN, *December* 7.)

Mr. Linklater appeared for the assignees; a gentleman from the office of Mr. Elmslie for Davidson; Mr. Lewis for Gordon; and Mr. Hawkins for Mr. David Barclay Chapman.

Mr. LINKLATER called Mr. John Robert Edwards, colonial broker, of Mincing Lane, who deposed that he had made advances to the bankrupts upon warrants which turned out to be valueless.

Mr. Stovell, another colonial broker, was shortly examined. It appeared that Mr. Stowell had proved against the bankrupts' estate for £8400, and that he also had made advances upon warrants which proved to be of no value.

Mr. Philip Vaughan, of the firm of Messrs. John Freeman and Copper Company, Bristol, upon being examined said, Messrs. Davidson and Gordon had been the agents of his firm, and that in such capacity they had misappropriated goods belonging to himself and partners to the amount of £18,000. As security for the repayment of this sum the bankrupts gave him some Westminster Improvement bonds, which became in course of time worthless. He had made an advance of £1900 upon warrants which proved worthless. He recovered a verdict against Mr. Maltby, the wharfinger, but nothing more. (A laugh.) He was now a large creditor. He confirmed much of the evidence given by the bankrupt Gordon with reference to his having misappropriated the goods of his firm.

Mr. David Barclay Chapman was then examined by Mr. LINKLATER as follows:—I was formerly a member of the firm of Overend, Gurney, and Co., and previously to the bankruptcy of Davidson and Gordon the bankrupts had had transactions with them. I have known Gordon for several years. I knew him when he was of the firm of Sargant, Gordon, and Co. Our firm had transactions with them. They failed in 1847. I

think we were creditors at that time. I knew the firm of Davidson and Gordon as soon as they commenced business, and had transactions with them, those transactions being advances upon the deposit of securities and the discounting of bills. I knew Joseph Windle Cole. He had been a partner in the firm of Johnson, Cole, and Co. We had transactions with that firm. I think we were creditors at the time of their failure. I cannot say the amount. I can only tell you that we wiped it out of our books after the failure of Johnson, Cole, and Co. I do not know when our transactions began with Mr. Cole. Our transactions continued with him to a certain extent down to the time of his bankruptcy. We lent Davidson and Gordon large sums of money upon securities. On the 13th of October, 1853, our balance stood at £118,675 4*s.* 6*d.* That had nothing to do with any discounts. These were simple loan transactions. Against that £118,000 we held warrants for spelter among other things, which we considered would leave a very large margin indeed in our favour. There is nothing that you shall not know fully from us. Shall I enter into the whole particulars? It will be a very long story to tell you. About £150,000, our clerk says, was the value of the securities we held.

Mr. LINKLATER.—How much did you receive by the realization of those securities after the 13th of October, 1853?

Mr. Chapman.—£38,200 in the rough.

Mr. LINKLATER.—Did any of the warrants you held at that time profess to represent spelter?

Mr. Chapman.—They did, and I believe copper too. I remember perfectly well having an interview with Mr. Gordon on the 13th of October, 1853. I had previously had an interview with Mr. Cole. I was not aware until very recently before the 13th of October that Davidson and Gordon and Cole had had very large transactions together. I have no objection to enter into the details as to how much Cole was indebted to us, but I do not understand the motive of it.

Mr. LINKLATER.—I should hardly, probably, have a strict right to inquire into these transactions but for the circumstance of a promissory note for £120,000 given by Davidson and Gordon having been placed to the credit of Cole's account by Messrs. Overend and Co.

The COMMISSIONER decided that the proposed evidence was relevant.

Examination continued.—On the 13th of October, 1853, we held spelter warrants which had been deposited by Cole.

Mr. LINKLATER.—To what extent did you hold warrants in respect of which it afterwards turned out there were no goods?

Mr. Chapman.—You must be patient, if you please; I will not keep you a moment longer than I can help.

The COMMISSIONER.—Take your time.

Mr. LINKLATER.—Was it about £320,000?

Mr. Chapman.—I think not; it was about £200,000. According to the valuation which our clerk, Mr. Bois, has made, they would be £164,000. I have read Messrs. Quilter, Ball, and Co's. report this morning.

Mr. LINKLATER.—Let Mr. Bois just look at his own affidavit.

Mr. Chapman.—I hope you will understand that we desire to let you know everything.

Mr. LINKLATER.—Do you find it there stated that the warrants held by your house amounted to £323,000?

Mr. Bois.—That includes all. You are asking about Mr. Cole.

Mr. LINKLATER.—Is it a fact that to the extent of £269,000 the warrants which you held had been issued by Maltby?

Mr. Chapman.—You are now speaking about Cole. The amount was £164,000 from Cole.

Mr. LINKLATER.—And how much from Davidson and Gordon?

Mr. Chapman.—Mr. Bois thinks £110,000, making £274,000. Nothing has been realized from those securities.

Examination continued.—The amount of our claim upon the bankrupts on the 13th of October, 1853, was £118,000, and when we finally closed the account it left a deficit of £80,000, of which we have received £38,000 by the realization of securities deposited with us. Between the 13th of October, 1853, and June, 1854, I am not aware that we received a single shilling except from the securities I have mentioned. Two days after the bankrupts absconded we did not receive from Messrs. Gregson and Co. upwards of £1500 on account of the bankrupts.

Mr. LINKLATER.—There is a letter dated the 19th of June, 1854, and Messrs. Davidson and Gordon left on the 17th of June.

Mr. Chapman.—I know nothing about that.

Mr. LINKLATER.—It is to this effect:—"We do ourselves the pleasure of acknowledging the receipt of your favour of this date endorsing your cheque for £1610 0*s.* 11*d.* for account of Davidson and Gordon, being the surplus resulting from the shipments assigned to us by their letter of the 17th of October last."

Mr. Chapman.—That is quite correct.

Mr. LINKLATER.—Did you on the 17th of October, 1853, receive this letter?—

"London, October 17, 1853.

"Gentlemen,—We request you will hand over to Messrs. Overend and Gurney any surplus that may arise on our copper shipments through your medium, after repaying yourselves the advance.—Your obedient servants,

"Messrs. Gregson and Co. "DAVIDSON AND GORDON."

Mr. Chapman.—We did.

Mr. LINKLATER.—Look at this letter:—

"(Private.)

"Lombard Street, Oct. 18, 1853.

"Dear Sirs,—We beg to hand you herewith a letter addressed to you by Davidson and Gordon, assigning to us whatever surplus may remain on copper consigned through you after liquidating your advance thereon, and shall thank you to take note thereof, and to favour us with a line in acknowledgment.—We remain yours truly,

"Messrs. Gregson and Co. "OVEREND, GURNEY, AND CO."

Mr. LINKLATER.—Is that the transaction in respect to which you received the £1500 on the 19th of June, 1854?

Mr. Chapman.—It is.

Mr. LINKLATER.—Will you be kind enough to tell us whether that had reference to any securities in your possession on the 13th of October, 1853?

Mr. Chapman.—It had, and I will relate to you the circumstances under which it was given, and everything connected with it. On the 17th of October, after the discovery of the fraud, up to which time we had no reason whatever to allege any moral delinquency against Mr. Gordon, because Mr. Cole had taken that entirely upon himself, Mr. Gordon called at our office, and I said to him, "I should like to go through your warrants with you." He assented, upon which I called Mr. Bois, who brought a parcel of warrants. Upon turning them over we observed three warrants endorsed by a most respectable house—Messrs. Gregson and Co.—I immediately said it is impossible there can be anything wrong with such warrants as these; upon which Gordon said, "No, there is nothing wrong with the warrants, but the fact I have shipped the copper." I was shocked. He stood before me in a different light, and has done from that moment, and I immediately requested him to give an order on Gregson and Co. for the payment to us of whatever surplus might remain upon that. He sent the letter down within an hour afterwards, which we forwarded to Gregson, and that ends the whole transaction. I do not believe I have ever exchanged a single word with Mr. Gordon since, even by mouth or pen. We traced the copper, and found Gordon had shipped it, and that he had given Gregson and Co. claims upon it.

Mr. LINKLATER.—Did you after the 13th of October, 1853, discount bills for Davidson and Gordon?

Mr. Chapman.—I think you must remember that I have answered that question elsewhere. We discounted some £70,000 worth of bills, in order to enable them to take up a loan which we made them on some shells.

Mr. LINKLATER.—Did you on the occasion of those discounts retain on each transaction a considerable sum as against prior advances?

Mr. Chapman.—Most distinctly not. We held the shells on the 13th of October. We have not since realized, and they are at your service. I

believe they are at the brokers'. The assignees of Davidson and Gordon have never applied for the warrants. I find on asking Mr. Bois that we gave some up to Mr. Gordon. We shall be most happy to give them up to you if you will pay the balance of the loan. I think about £50 is still owing to us upon the shells. This loan was made to Mr. Gordon out of our ordinary transactions as a matter of kindness to him, upon his representation that they were worth a great deal more. We advanced about £2000 on the shells. We reduced our general account with Davidson and Gordon by the £1500 odd received from Gregson and Co. We received several other sums arising from securities. After the 13th of October we received from Cole a promissory note of Davidson and Gordon for £120,000. The total amount we received after the 13th of October I will explain. It appears we received £450 also on account of that shell loan; also the surplus of a loan on some coffee which was hypothecated at the same time. Altogether we thus received £1990, and £1566 from Gregson. We also received a sum of £3318 upon giving up some securities. We placed the promissory note for £120,000 to the credit of Cole on receipt. Our transactions with Cole continued after the 13th of October, 1853; but we could not help ourselves, inasmuch as we had an immense amount of property in our hands belonging to Cole, which we had to depend upon him for realization.

Mr. LINKLATER.—Is it the fact that after the 13th of October, 1853, you received on account of new transactions with Cole upwards of £19,000, which went in reduction of the amount owing to you on the 13th of October?

Mr. Chapman.—That will lead us into explanation. From Mr. Quilter's report I will assume that we did so. I consider that we received altogether £15,000.

Mr. LINKLATER.—That is, without reckoning the £3000 you paid back to Cole's assignees.

Mr. Chapman.—I will explain that by and by.

Mr. LINKLATER.—You have seen the report of Messrs. Quilter and Co., and you deny that you received in reduction of your debt £19,000 and odd?

Mr. Chapman.—That will depend on the way of stating it. Messrs. Quilter have included a sum of £4650, which we say they have no right to do. Why did Quilter and Co. begin previously to the 13th of October? I say that, with the exception of £5800 or thereabouts, we received nothing but what we were legally and properly entitled to. That was without any solicitation whatever on our part. I say we were damnified £1600, which we had to disgorge most disgustingly to pay for our own spelter back again. We had sold a large quantity of spelter on the 27th of September in respect of warrants deposited with us; the amount of the sale was about

£8000, which had been effected through our broker. After the discovery of the fraud, we found we had not spelter sufficient to enable us to perform that contract. I believe the quantity of spelter we had sold was 400 tons. We sold it on the 17th of September, long before we had discovered the fraud.

Mr. Linklater.—Did you not know at the time you delivered those warrants that but for the assistance of Cole you would not have sufficient spelter to meet them?

Mr. Chapman.—Most certainly. But we knew nothing at all about it till after the discovery of the fraud.

Mr. Linklater.—Did you not advance money for the purchase of spelter to enable you to complete that contract?

Mr. Chapman.—I must explain that if you will allow me. I may be too anxious to speak most accurately, and appear confused, but I think I am perfectly clear, and I shall be happy to tell you all about it. When these warrants were applied for by the parties of whom we received the money, it appeared there was not a sufficient quantity of spelter on the wharf to satisfy them. There were only eighty-two tons. Mr. Cole sent his clerk to inform us that he could not supply the spelter unless we paid him £15 a ton, because he had abstracted the spelter and borrowed £15 a ton upon it. We said we would have nothing to do with Hagen's wharf, but if he would bring our warrants, with the parties' receipt upon them whose money we had obtained, we would pay the £15 a ton. We did not pay the money until the warrants were returned to us. The purchaser of our warrants never became aware that they were of so doubtful a character; but you will find, from Mr. Tooney's evidence, that they were constantly delivering spelter in this way at that wharf.

Mr. Linklater.—Was not your object, in the mode in which you carried out this transaction, to conceal from the purchaser the fact that the warrants which he held were of a fictitious character?

Mr. Chapman.—I really must decline to answer that question. I only know the object was to fulfil our contract with the man whose money we had received. After the interview with Cole on the 13th of October, I determined to go down and see about these warrants. I had a broker of the name of Boyle, who had been instrumental in our making these large advances, and when we found so many belonging to Maltby, Boyle made an observation about Maltby being the creature of Cole. I immediately put on my hat and went to Cole, and asked him whether all was right with our warrants. He said some of them were not right. I asked him what portion, and he said those at Hagen's wharf. I asked him whether he knew anything about our loan to Davidson and Gordon, and he said he believed their warrants were in the same position. I do not know how long the interview with Gordon

and Cole lasted; I thought more of the amount of our involvements than of the time the interview lasted. It came to be a question what had become of the money. It came out that Cole had lent Davidson and Gordon £120,000 of the money for the purposes of the distillery. Gordon certainly admitted that. There was no objection made by Gordon to it. From thence our conversation took the course of the future prospects of the distillery, and it was said the distillery would soon liquidate all Davidson and Gordon's liabilities. Gordon went into a lengthened statement, which I took down in writing at the time. I do not know that I said to Gordon, either on the 13th or on the 17th of October, "I believed you to be an upright man; I now look upon you only as a thief." I know what I thought. I know what I did say on the 17th. I said to Mr. Bois, "I will never breathe the air with that man again alone," and I never have. I considered that we had no right to impute any moral delinquency to Gordon till the 17th of October. Not a single word was said upon the occasion of the interview I have spoken of about giving our house the security of the distillery, nor was a single security ever asked. Mr. Bois never could say that anything was said about the security of the distillery. The prospects of the distillery were discussed. Mr. Gordon represented the distillery at West Ham to be a very valuable property. The deeds of the distillery afterwards came into our possession; they were sent to us by Mr. Cole. They remained in our possession only two days; they were sent to our solicitors. At the time of Davidson and Gordon's bankruptcy, they were either at our place in Lombard Street or with our solicitors. Mr. Cole never asked for them back again, and therefore we did not trouble ourselves about them. At the time of Davidson and Gordon's bankruptcy you (addressing Mr. Linklater) sent to us to ask whether we would consent to a sale of the distillery; you stated that the Crown was going to break it up, and that a gentleman of the name of Chamberlain, of Norwich, was ready to give £24,000 for it; but that it could not be sold unless the lease was produced. You asked us whether we would produce it; and we said we had no title whatever to the distillery, but that we should have no objection to join in a sale of it if the proceeds were placed in the Bank of England to the credit of whom it might concern. It would have been very hard if we had put ourselves in the way to prevent anything so favourable to Davidson and Gordon's estate. You drew up a statement, which was sent to Messrs. Young and Vallings, it came back with some observations of theirs upon it. I said, "We will not defile ourselves with the distillery upon any consideration whatever," and when Mr. Murray, the solicitor to the assignees of Cole, applied for it, we sent it him, without making the slightest claim to it as a security. I may state this, that the day after the discovery of the fraud, Mr. Gurney, my late revered partner, came to town, and I thought it was important that he

should see Mr. Cole. He consented to do so at two o'clock, and Mr. Cole came. Mr. Gurney asked Mr. Cole what had become of the money, as I had done myself, and he said he had lent it to Davidson and Gordon for the purposes of the distillery. Mr. Gurney seemed to be incredulous, and said it was a large sum of money to lend, upon which Cole said Gordon had muddled it away; that he either did not understand his business or did not attend to it; but he added, "I have a lease of the distillery, in which the debt of £120,000 is admitted. Mr. Gurney then said, "Well, I should like to see the lease." Mr. Cole replied, "Mr. Gurney, I have no objection." He sent it to us, and I do not believe a single word passed between us and Cole on the subject of the lease afterwards. The lease was sent to us by Cole the next day or the following morning, and Mr. Gurney said to our solicitor, whom we consulted, "Here is the lease of the distillery, take it, and see what sort of a document it is." In a few days Mr. Vallings brought it back again, and said it was such a "higgledy piggledy" thing, he could make nothing of it; but he said, "If you mean to make the thing a security, you must take it and work it." Before he had finished the sentence, Mr. Gurney started up and said, "I would not do it if I got every shilling of the money back again." From that time the lease lay dormant in our hands. We never asked for it as a security; we never took it as such, and never intended it as such. I most distinctly state that we never represented that we had any interest in the result of the sale of the distillery. We have not proved for any debt under the estate of Davidson and Gordon. We did prove for a debt under the estate of Cole, but we expunged it afterwards. I believe we proved for Davidson and Gordon's note, £120,000. That was not in consequence of proceedings by the assignees. We paid to Cole's assignees £3000, and I will explain how that arose. Mr. Quilter made out a report without ever showing it to us. If he had done so, he would not have done us so much injury as he did. He called on me one morning, and expressed himself in a way that astonished me. He said, "I should like to see that d—d business" (or he used some such expression) "settled." I said, "Do you mean that in connection with this house there ever was a transaction that would not bear the face of the sun? I have been in the house forty years, and I do not believe there ever was a single transaction that I would care for everybody to see." I continued, "I should like to see the thing settled, for we do not like to see these things in the newspapers, and such shameful things as the pamphlet of Mr. Laing, after he had been a party to receiving the money from us." Mr. Quilter said, "I should like to have a case drawn up and submitted to Sir Frederick Thesiger." "Is it possible," I said, "that we should require Sir Frederick Thesiger to settle any question in a matter connected with this house? If there be a question, I am perfectly certain that the house will decide against itself, only let us know what it

is." He said there were items, and he took them *seriatim*. I said we had long ago determined to expunge our proof against Cole's estate, and at last he said it resolved itself into one point—"The advance you made on copper, upon which you got £3000 after the bankruptcy." I replied, "I tell you what, Mr. Quilter, if the assignees of Cole had been aware of the circumstances, they could have got that for the benefit of the estate; we will not take advantage of any *laches* of that sort, but will let them have the benefit of that £3000, precisely as if they had brought us the money." He said that was perfectly fair and right, and he would go to Mr. Murray to see if it could be arranged. We paid the £3000 within a week. Mr. Laing, one of the parties consenting, published a book of a most venemous kind.

Mr. Laing.—It is all true.

Mr. Chapman.—It is false.

The COMMISSIONER.—We can have nothing to do with Mr. Laing here, and I wish Mr. Chapman would confine himself to the matter before the Court.

Examination continued.—The payment of the £3000 was a voluntary act on our part. The transaction out of which it arose was this:—We had advanced him £8000 on the 3rd of January, 1854, a week before Cole stopped payment. The loan was not paid; and we shipped the copper out to India. It produced about £3000 surplus. That went to the credit of Cole's account. We did not realize till long after Cole became bankrupt.

Cross-examined by Mr. LEWIS.—I have said that I did not think there was any moral delinquency on the part of Gordon on the 13th of October; on the 17th there was. The expression that "I would never breathe the air with Gordon alone again" was used on the 17th of October. I am positive of that. On the 13th of October Cole distinctly told me that he had removed the goods. He did not tell me that Gordon knew it. Cole took the blame wholly upon himself, but he said that originally there was metal on the wharf to answer all the warrants. I have been examined on this matter eight times. The interview on the 17th of September made a very painful impression on my mind. I never mentioned it before this day, and the reason why I mention it now is in answer to Mr. Linklater when he asked me why we received the £1560, and because I did not wish to volunteer an accusation. I have never distinctly stated upon oath that I had no conversation with Gordon after the 13th of October, but after the 17th: and I do not believe I have ever spoken to Gordon since. On the several occasions that I have been examined, I have been pressed with questions as to my conversations with Gordon about the warrants generally, and the reason I have not mentioned this is because, as I have stated, I did not wish to volunteer accusation against Gordon, as he had enough to answer for. I do not know that we had many warrants from Davidson

and Gordon and Cole, bearing Gregson and Co.'s endorsement. Bois was present on the 17th of October when I used the expression to which I have referred. The conversation took place between ten and eleven in the morning. On the 13th of October, my impression is that Cole took the whole onus upon himself; but I am speaking of a conversation of considerable length, and it is very difficult to be pinned down to a word. My belief is that the conversation proceeded without any observation being made by Gordon. I do not know that I ever called Gordon a "thief," and so forth, though he has said I have.

Mr. LEWIS.—It came out of the mouth of a person named Webb.

Examination continued.—I had previously to seeing Gordon on the 13th of October seen Cole, and he admitted he was the person who had lent Gordon the Hagen wharf warrants. I consider, as I have said, that he took the whole thing on himself. Gordon had nothing to do with the transaction about making up the spelter, which had been sold by us. He knew nothing about it. I did not send for Gordon on the 17th of October; he came to our office, and we went through the warrants in a cursory manner. He said the warrants were all right. I said, "It is impossible there can be anything wrong with such warrants as these." He replied, "The warrants are all right, but I have shipped the copper." I believe those are the identical words he used. The quantity of copper he had shipped was about 70 tons; the value of it would be about £100 a ton, which would make £7000. We have nothing to charge Gordon with, with reference to the warrants, and we only complain of his shipping our copper to the extent of £7000.

Examined by Mr. Elmslie's clerk.—I know nothing against Davidson, and I am not aware that I should know him if I met him.

Re-examined by Mr. LINKLATER.—You have been asked by Mr. Lewis respecting an interview with Mr. Gordon on the 13th of October. I find that you stated in one of your depositions before the magistrate on the 17th of May, 1855, in allusion to that conversation—"I asked Gordon whether all these warrants represented nothing. He shook his head, admitting it, and began to account for what had become of the property"—is that true? It is perfectly consistent.—Is it true? I should think it very likely to be true.—Do you repeat the statement you made then? I think everything I have said is perfectly consistent.—Is this true: "I asked Gordon whether all these warrants represented nothing. He shook his head, admitting it, and began to account for what had become of the property, referring to the distillery at West Ham"? I believe that to be true; that is to say, that Gordon came to that interview, fully knowing the circumstance that those goods did not exist, and our conversation altogether proceeded upon that admitted fact.

After a few questions had been put by Mr. HAWKINS to Mr. Chapman,

the Court intimated an opinion that questions could only be put by way of eliciting explanation upon some point which had arisen in the previous examination.

Mr. LINKLATER.—Was your object in concluding the transaction for the delivery of the 400 tons of spelter in the manner in which you concluded it, partly for the purpose of preventing the purchaser learning that the warrants he had were of a fictitious character? My answer is, in the first place, there were already 82 tons of spelter ready for delivery on the wharf. The next is, we were bound to deliver the remainder of that spelter, having received the money for it; and we did so. That is to say, we said, when we were satisfied that our contract with the purchaser had been fulfilled, we would pay £15 a ton for our own spelter, which had been obtained upon those warrants.—Was your object in so concluding the transaction partly to conceal from the purchaser the fact that the warrants had been fictitious? I speak of facts; I decline to say what the object was.

The COMMISSIONER.—Will not that satisfy you, Mr. Linklater?

Mr. LINKLATER.—I am obliged to travel one step further. It is painful to have to trouble you again on this subject, but I really do not quite understand what was meant by your saying your "own spelter." Will you tell me from whom the spelter came for which you paid £15 a ton? All I knew about it was this: that Cole said he had got the spelter; that he had borrowed £15 a ton upon it, and that he could not deliver the spelter unless we paid £15 a ton.—Did Mr. Cole say where the spelter was? No; he did not.—You never heard where it was? No.—Have you ever heard it was at Hagen's wharf? Certainly not.—Or at Maltby's wharf? No.—At Grove's wharf? No; I know nothing but that when the warrants were brought back to us with receipts upon them we paid £15 a ton, and not before.—Was not your money paid in consequence of Cole having purchased in the market spelter sufficient to make up the 400 tons? Certainly not; for this reason, that we should have had to pay £20 a ton for it, and he let us have it for £15.—Have you never heard by whom the spelter was delivered? No; we did not interfere in any way whatever.—Did you provide Cole with money to take up the spelter. Certainly not, till after he brought us our warrants back receipted, and then we gave him £15 a ton for those warrants.—Those were the fictitious warrants? The warrants upon which there was only a portion of spelter.—Do I understand you to say that the spelter that was actually delivered to the purchaser had at any time formed a portion of the spelter represented by your warrants? That we could assume from what passed.—Do I understand you by that to say that, as Cole managed to get the spelter to complete your contract, you assumed he was dealing with spelter which had formed the subject of your own warrants? Yes; that was the ground upon which he gave us spelter that

was worth £20 at £15 a ton.—You told the learned counsel, in answer to a question, that Mr. Cole informed you the spelter had been shifted from one wharf to another, and that second warrants had been issued? I have stated this, and I believe I have been consistent throughout, that when the warrants were issued there was metal on the wharf to represent them, and that afterwards the metal was removed, upon a promise that the warrants should be returned, which Cole never fulfilled.—Did I not understand you to say, in answer to the learned counsel, that Cole informed you that the spelter had been shifted from the wharf where the warrants were originally issued, and that second warrants had been issued at another wharf? I think I did say so.—And that Cole admitted at the interview with you that the spelter had been so dealt with? Yes.

His Honour then suggested that the evidence should be transcribed; that Mr. Chapman should read it over, and, in the presence of all parties, any explanation, if necessary, should be added, which course was acceded to.

Mr. Bois, clerk in the house of Messrs. Overend, Gurney, and Co. was next examined, and, in answer to questions why he had not before mentioned the interview of the 17th of October, at which he was stated to have been present with Mr. Chapman, said it had not occurred to him until recently, when he had read the letters which passed about that time, which suggested the circumstance to his mind.

Joseph Windle Cole, examined, said, he carried on business in Birchin Lane as a merchant. He was a member of the firm of Johnson, Cole, and Co., which failed through Johnson's own difficulties. Their house had had transactions with Sargant and Co. Both firms failed about the same time. Sargant and Co. might have been creditors. Johnson, Cole, and Co. paid a very small dividend in 1847. He established himself in May, 1848, as Cole Brothers. Had no partner. He knew Mr. Maltby. He was then alive; he knew him before 1848. They had both been clerks in the house of Forbes and Co. In 1849 or 1850 he and Maltby had transactions together. For a few days Maltby assisted him in his office. He assisted him (Cole) when he was out of employ. Maltby was well connected. Did not know what became of Maltby after he left his employ. Did not know when he first found him established at Maltby's wharf; it was about 1849 or 1850. He did not put him in Maltby's wharf, or help him to take it. He had nothing to do with Maltby's wharf in the way now put. Maltby did not communicate to him from time to time what was going on. The lease of Maltby's wharf was taken in his (Cole's) brother's name and that of another person. His brother intended to be the wharfinger, but after staying a month Maltby took his place. He was instrumental in looking out for some one to take his brother's place, and he got Maltby. Had had transactions with Davidson and Gordon, but he

was not identified with them. In 1848 and 1849 they sometimes lent each other money. This was going on in 1851, he thought. In August, 1853, he took a security from Davidson and Gordon over the West Ham distillery and plant. Davidson and Gordon then owed him £150,000, all for value, including tin. (A laugh.) He would not have got so heavily in if he had known it. He (Cole) was exceedingly successful after his bankruptcy, and had made the £150,000 between 1851 and 1853. He made the money by spelter and tin. The security given him by Davidson and Gordon was for money due to him, and not to protect the distillery from the claims of their creditors. In October, 1853, he had received large advances from Overend and Co. Davidson and Gordon were then his debtors for £3000 or £4000. Prior to October, 1853, he had lent and sold warrants to Davidson and Gordon. He did not lend them the warrants for any particular purpose. He did not lend the warrants voluntarily. They had lent money on the warrants, and he had lent them some of the warrants that they (Davidson and Gordon) might obtain temporary advances upon them. These warrants amounted to £40,000. He afterwards asked Davidson and Gordon for the warrants. This occurred in 1852. He did not get them. They said they had them, but he did not press for them. His legal adviser (Mr. Digby) said the warrants were waste paper, because he (Cole) only could obtain the goods.

COMMISSIONER.—That was the legal opinion?

Witness.—Yes. (A laugh.)

Examination continued.—Finding he could not get the warrants, he took away the goods. He took care to remove them from Maltby's charge. Maltby was equally advised that he was not liable to keep the goods. He ascertained this from counsel's opinion. The warrants did not represent that the goods lay at a particular wharf.

Mr. LINKLATER.—Oh, that was the nice distinction. (A laugh.)

Examination continued.—The whole of the wharf was licensed to Grove. He (Cole) removed the spelter represented under the warrants he had lent to Davidson and Gordon. Finding Davidson and Gordon did not return the warrants, he sold the spelter. He gave notice to Maltby not to honour any warrant without first communicating with him. In the middle of 1852 he began removing the goods. He could not say that he did not lend Davidson and Gordon any warrant after that, but he thought he had not. In June, 1852, he did not know that Overend and Co. held any of the warrants entrusted to Cole. About this time he told Davidson and Co. that if they used the warrants they must do so on their own responsibility. A short time before October, 1853, he heard from Davidson and Gordon that warrants were deposited with Overend and Gurney. He did not advertise in the papers what Maltby had done in respect to the warrants. In August, 1853, when he was pressing them (Davidson

and Gordon), Gordon said they were pressed for money, and he admitted that they had borrowed money upon the warrants. He did not run on to Overend and Co.'s and mention the subject. He first took care of himself—acting on the mercantile view. (A laugh.) On the 13th of October he first had conversation with Overend and Co. on the subject. Did not hear that they were then pressing Davidson and Gordon. In October, 1853, when Mr. Chapman first called upon him the following took place:—I think Mr. Chapman asked me about a quantity of warrants he had from me and from Davidson and Gordon—whether they were right or not. I don't remember the precise words. I told him there was something wrong about them. He pressed me to explain what was wrong. He said, "I think this affects Davidson and Gordon very deeply; will you allow me to send on to them at once? I should prefer stating before them what I should state to you," and after some little discussion, not very long, Mr. Chapman agreed to appoint a meeting in the evening, to which Mr. Gordon should come. I think I told him the goods had been removed before Mr. Gordon came. At any rate a meeting was fixed to see him in the evening with Mr. Gordon.

Mr. Linklater.—Now refresh your memory a little, and tell us more particularly what took place. We are all attention.

Cole (covering his face for a time, and after much apparent thought in the direction of the ceiling of the court).—If you could go on to something else just now I think it would be the best course. I shall better recollect what took place by and by.

Examination continued.—Thought he and Davidson went to Overend and Co.'s together. It was after business hours. They went into the state-room at the bank—the dining-room. In the afternoon he had told Mr. Chapman that he had removed the spelter represented by the warrants lent to Davidson and Gordon, as also some other warrants. Being under the impression that they could not lay claim to the spelter, he told Mr. Chapman that he had used it for the purpose of raising money to get control of the distillery. He had availed himself of spelter, etc., of the value of about £100,000, upon strength of the legal opinion to which he had referred. The withdrawal of the goods continued from 1852 to 1853. Mr. Chapman first learnt from him that the spelter, etc., was withdrawn. Mr. Chapman said he would have preferred that the spelter had not been removed, but he did not express himself as much dissatisfied. (A laugh.) His (Cole's) impression was that as the goods remained at the wharf in his (Cole's) name, Messrs. Overend and Co. had no legal claim. The warrants not represented by goods issued by himself and Davidson and Gordon had been about £160,000—they did not amount to £220,000. It was admitted by Gordon at the interview to which reference had been made that he owed him (Cole) £120,000, and for which a bill was given. After

wards had an interview with Mr. Gurney, senior, when Mr. Gurney requested him to bring the deeds of the distillery. His impression was that Messrs. Overend and Co. were to take the distillery for the £120,000. He afterwards took the deeds, and saw Mr. Gurney again. He considered he left the deeds for the £120,000. He assured Mr. Gurney at this time that he was solvent. He was requested to get the deeds to hand over to Messrs. Overend, Gurney, and Co., and he did get them and leave them. They took that instead of his other securities. He afterwards applied for his warrants, and they refused to give them up on the understanding that they were cancelled. He afterwards gave the promissory note for £120,000. Messrs. Overend and Co.'s solicitor called upon him about the transfer of the lease of the distillery, and subsequently a rough draft was sent to him for inspection, and he afterwards heard that the security could not be made perfect unless it was put in the name of Overend and Co. He sent the draft back to Young and Vallings. As early as June, 1852, he warned Davidson and Gordon that they must act on their own responsibility. The acceptance of Davidson and Gordon for £120,000 would not have been accepted by Messrs. Overend and Co. without the distillery. He endorsed the bill for £120,000. He could not say he endorsed it without intending to pay it, however gentlemen might laugh at the idea of his paying it. His transactions with Messrs. Overend and Co. continued till Davidson and Gordon's bankruptcy, and their claim had been reduced to the extent of some £40,000. In reference to the transaction of supplying Messrs. Overend and Co. with the 400 tons of spelter to complete the contract, and for which he got from them £15 per ton, he went to them and told them he would deliver the spelter if they gave him £15 per ton. They undertook to do this, spelter being then worth £20 per ton. He could not say off-hand where he got the spelter from. He (Cole) had taken possession of the distillery. Messrs. Overend and Co. would not take possession of it.

Cross-examined by Mr. LEWIS.—The bankrupts (Davidson and Gordon) had had nothing to do with taking the wharf. About 1853 the bankrupts might have told him that they had borrowed money from Messrs. Overend on warrants. He (Cole) did not remember, but it might have been that he had lent Davidson and Gordon some of the warrants to carry on the distillery. The bankrupts might have told him that they intended "to raise money for an hour" on the warrants. Mr. Digby was the gentleman whose legal opinion he took upon the warrants.

The COMMISSIONER (to Mr. Linklater).—What do you propose now to do?

Mr. LINKLATER.—To allow Mr. Cole to depart in peace, and have the case resumed on a future day.

Mr. HAWKINS wished it to be clearly understood that Mr. Chapman

would be allowed and enabled on a future occasion to give an explanation of some parts of his evidence which might appear to require explanation.

An adjournment then took place.

(*Before Mr. Commissioner* GOULBURN, *December* 15).

Mr. Linklater appeared for the assignees; Mr. Hawkins for Mr. Chapman; Mr. Lewis for Gordon; Mr. Elmslie for Davidson.

Mr. LINKLATER then examined the bankrupt Gordon as follows:—Were not Barnett, Hoare, and Co. your bankers?

Bankrupt.—Yes. Look at the letter of March 4, 1854, and tell me whether you did not, at that date, borrow of them £3000 on the deposit of warrants? That was a renewal.—Do you mean to say that you had previously borrowed £3000, and that you renewed the loan in March, 1854, by the re-deposit of warrants? My impression is that the loans with Messrs. Barnett and Co. were remaining, and possibly, at that period, part may have been paid and the remainder renewed.

Letter of March 4, 1854, read, enclosing promissory note of bankrupt's, due June 7, requesting discount, and giving warrants as security.

Bankrupt.—That letter is signed by me.

Mr. LINKLATER.—Look at the letter date, April 3, 1854; did you not apply for a further loan of £2000 of Messrs. Barnett and Co.?

Bankrupt.—Judging from that letter, I appear to have done so. The letter is signed by me.

Letter of April 3, 1854, read, asking for advance of £2000 on deposit as security of warrants for 100 tons of spelter; 50 tons being at Hagen's Sufferance Wharf; also warrants previously deposited, to be held by Messrs. Barnett and Co. as security for that advance.

Bankrupt.—That was not a new loan; it referred to an old transaction.

Mr. LINKLATER.—What do you mean? did you not require an advance of £2000 on the deposit as security of the warrants mentioned in the letter? Bankrupt.—Yes.—And that advance was made, I suppose? I suppose it was.—On September 13, 1854, did you request Messrs. Barnett and Co. to make you a further advance of £1000? Yes.—The advance was made, I presume? I presume so.

Letter read, asking for loan of £1000 on warrants for 50 tons of spelter, 70 tons and 120 tons of ditto; date, April 13, 1854.

Mr. LINKLATER.—Upon June 7, 1854, did you apply to Messrs. Barnett and Co. for a further advance of £1200? Bankrupt.—Yes.

Letter of latter date read, requesting an advance of £1200 upon spelter warrants, as also upon Cole Brothers' acceptance for £2500, due June 13, 1854—in default, sale of spelter, 340 tons.

Mr. LINKLATER.—On June 14 did you again apply to Messrs. Barnett and Co. to discount Cole's acceptance for £1000 on deposit of warrants?

Bankrupt.—No; the letter to which you refer alludes to a renewal.—Look at that letter, and attend to my question. Did you not, by that letter of June 14, ask Messrs. Barnett and Co. to discount your draft upon Cole for £1000. Did you or did you not? I applied to Messrs. Barnett and Co. to renew the acceptance.—Did you draw upon Cole Brothers for £1000? Yes; I presume I did.—Was that acceptance discounted by Messrs. Barnett and Co.? I suppose it was.—At your request? At my request no doubt it was done.

Letter of the 14th June read. In consideration of discount of said acceptance, warrants of spelter—50 tons, 50 tons, 50 tons—deposited as security and as a general security for Messrs. Barnett and Co's. advances; empowering sale of spelter by Messrs. Barnett and Co. in case of non-payment by Cole, or any other default. Letter signed "Davidson and Gordon." Loan due June 19.

Mr. LINKLATER.—When the 19th of June arrived you did not pay the loan? Bankrupt.—No, I did not. Messrs. Barnett and Co. paid themselves.—(Holding up warrants) Were these deposited by you with Messrs. Barnett and Co.? I believe they were.—Did Messrs. Barnett and Co. ever get any of the spelter represented by these warrants? I do not know.—Did you get these warrants from Cole Brothers? Yes.—When? I cannot answer that.—In 1853? I cannot state the date.—Did you get any from Cole Brothers in 1854? I cannot state the date. I should think not; indeed, I may say certainly not.—In 1853 you did? I cannot say.—Have you not a record in your book? No, I believe not.—How much did you owe Messrs. Barnett and Co. at the time of the bankruptcy? I think they were nearly cleared.—Nearly cleared? Why, look at your balance-sheet. You made the same answer as regards Freeman and Copper Company. It appears £1448 11*s.* 6*d.* is in the balance-sheet for Messrs. Barnett and Co. under the head of "creditors holding security."—I suppose Messrs. Barnett and Co. lost their money? I do not know what became of it.—What do you think? I suppose so, but I do not know.—You told us on a former occasion that the debt of Freeman and Copper Company had been paid. Turn to your balance-sheet, under the head of liabilities, and see how much you owe to Freeman and Copper Company. Was there not £12,000 due upon your promissory notes? Yes, but some of them were paid.—How much? I cannot say. I think my account in the ledger would show. Mr. Vaughan said £9000 was due. It arose in this way. We gave them £6000 in Westminster bonds, and £3000 of which was paid in cash. I do not think they credited us with this.—How much did you owe Freeman and Co. at the time of the bankruptcy? Taking into the account the bonds, I should say scarcely anything at all.—Just before your bankruptcy did you give acceptance to Cole Brothers for £30,000? Yes.—Refer to your ledger, and tell me the date of that trans-

action. Those transactions are entered in the bill-book, not in the ledger. An agent was to sell the bonds.—Why, this agent was the person who drew bills for you, was he not? I do not remember.—With whom did you negotiate this transaction? I negotiated it with Cole.—Was not the negotiation with Cole that somebody should draw bills upon you? I do not know that there was any such arrangement.—Why, was it not a man named Molineux who was to draw the bills? I do not know that Molineux ever drew any bills.—What commission did you get? I do not know that Molineux ever drew for me.—However, you did not get the Westminster bonds? We did not.—What was the date of that transaction? I do not remember.—How long before you went away? I do not recollect.—Did you make any inquiry after the Westminster bonds? I did.—Did you ever get them back? No.—How came you to part with £30,000 worth to Cole? Because I expected to get the bonds.—What other transactions had you with Cole after the 13th of October, 1853, without reference to this £30,000? About £100,000, I should think. No, I am wrong.—Well, tell me within £10,000 or £20,000. I should think about £60,000.—What was the balance due from Cole in January, 1851? About £80,000.—What was the extent of your transactions with Cole since January, 1851? Guess. No, I will not guess. (After looking at his books) About £450,000, I should think.—£450,000 in three years and a-half? About that.

Memorandum of agreement put in and read, signed by both bankrupts, in reference to the West Ham distillery. Distillery to be given up, with quiet possession, to Messrs. Davidson and Gordon, plant, horses, pigs, etc. Webb to be discharged for £84,793 12*s.* 8*d.* Date, October, 1853.

Mr. Linklater.—You left England, June 17, 1854? Bankrupt.—Yes.—Before you left had you more than one interview with Mr. Beard, of Manchester; and did he not threaten proceedings? He did not threaten proceedings.—Be particular in your answers, Mr. Gordon. Had you not, for several days before you left, been pressed and threatened by Mr. Beard? No; I have no recollection of it. Such may have been the case, but I do not remember.—Why, do you mean to say you recollect no interview with Mr. Beard? I will tell you how it was. We held the acceptances of Hudson's, of which we were the endorsees. Mr. Beard wished us to pay him. I said the acceptor must pay. I believe Mr. Beard did receive the money for these acceptances of Hudson's.—Was not Mr. Beard your creditor at the bankruptcy? Yes, I think for £1600. He sold us a parcel of goods, and brought a person to us who would make us an advance upon them; but I declined.—Refer to the account of Messrs. Russell, Douglas, and Co. How much did you owe them? £1397 16*s.* 3*d.* The debt was contracted in 1854. That was the first transaction with that house.—Were you not

convicted in respect to obtaining these goods? I was.—How much did you owe to Mr. Hesse? £1400 or £1500.—Did you pay anything? No. —Was not that credit obtained within three months of your bankruptcy? Yes.—That was one of the transactions upon which you were convicted? It was. The drawer's name of the bills which Cole had for £30,000 is not entered. The transaction not having been completed, is not regularly entered in the books. Our acceptances had been given, and had gone forth. —You said on a former occasion that you had not travelled in an assumed name? No; I do not think I said so in a general answer. I spoke of a particular time.—Very well. When did you first travel in an assumed name? I think in January, 1855.—Where were you when you assumed this false name? In Naples, I think.—What was the name you took then? Hodding, I think.—What name did Davidson take? I do not think he took any.—Why, he acted as your servant, did he not? It may be that it was so; if so, it is stated in the passport.—What was in the passport? I cannot remember.—Do you mean to say that Davidson never used a false name? Never.—Did he not use the name of Smith at Neufchatel? Certainly not.—Had you not a passport with the name of Sedgwick upon it? Yes.—And also with the name of Gray? Yes, but I did not use it.—It would be handy, I suppose, if necessary? (Laughter.) Well, it might be. I did not use it.—Did you not at Genoa travel under the names of Jones, of Canada, and of Emsly, of Scotland? It might be so.—Did you not at Genoa go to the Hotel Albergo d'Italia, and did you not use those names there? I do not remember. I do not think they required us to give any name.—Are not all the debts in respect of which you were convicted still owing? Yes. And in reply to further questions he said they were still due to Douglas and Co., to Bryant, to Hesse, and to M'Millan.—All these debts are still due, are they not? Yes; so far as I know.

The bankrupt was then examined by Mr. Lewis.—He said he had been indicted for non-surrender. The jury found him guilty, but the Court of Error, upon appeal, quashed the conviction. Was also indicted for embezzling money, but the judge stopped the case; was convicted of obtaining goods within three months of his bankruptcy. The bankrupt went on to explain the various transactions which he had had with M'Millan and others. Was solicited by their agent to purchase the goods. Also got goods of Mr. Pickford, and also after solicitation of his agent. Both these parcels of goods were shipped for India. Obtained goods from Alexander and Co., £3300 worth of which were paid for £2500. Obtained advances upon these goods generally, but none upon the goods of Hesse. Had had considerable dealings with Bryant, and had paid him something like £8000. The last transaction was for £1600 worth, of which £850 were paid in cash. No part of the proceeds of these goods was taken away by us when we went abroad.

Mr. Lewis.—Tell us the amount of your purchases during the year preceding your bankruptcy. Bankrupt.—£147,197 12*s.* 10*d.*—How much did you pay out of that? £127,839.—How much were you indebted during the same twelve months? £221,783.—How much did you pay? £214,000 and upwards. The amount of debts incurred for goods and duty was £368,980, and payments £342,542. I paid all but £22,000 or £26,000 out of transactions amounting to nearly £400,000. I did not know that the warrants were fictitious. I thought the goods were at the wharf. I had no idea the warrants did not represent goods. I did not know Cole had withdrawn the goods at the time I deposited the warrants with Messrs. Overend. I did not know Cole stopped the goods or sold any of them. I did not know at any time previous to the 13th October, 1853, that Cole had dealt with the goods which the warrants represented.—Did you hear Cole examined? Yes.—He stated that finding he could not get back the warrants from you, he should deal with the goods upon his own responsibility; when was the date of that? I cannot fix the date of that observation, for I do not recollect it. Had he said so, I could not have interpreted it in that point of view. Cole never told me he had taken a legal opinion as to what he might do with the warrants—not to my recollection. In June, 1852, Messrs. Overend and Co. had got all the warrants. Subsequent transactions were, I think, on warrants. I think I had no warrants of Cole after October, 1853. I know that some of the copper and spelter was actually delivered from Hagen's Wharf. I had nothing whatever to do with Maltby taking the wharf, or with his keeping it, or his transactions, any more than any ordinary wharfinger, and paid the ordinary dues. The bankrupt was then examined regarding his transactions with Mr. Chapman, formerly of the house of Messrs. Overend, Gurney, and Co., bill discounters. —Now, as to the interview with Mr. Chapman, did any such take place on the 17th of October, 1853? No, it did not.—Are you positive about that? Quite certain, for I was otherwise engaged during the greater part of that day.—You heard Mr. Chapman say that the interview took place between ten and eleven in the morning? Yes, I was on that day with my partner, Davidson, at our solicitor's residence, Mr. Elmslie. We were engaged with him for many hours in the course of the morning.—Have you any doubt but that Mr. Chapman was entirely mistaken? Mr. Chapman is entirely mistaken upon that point.—Do you remember having said to Mr. Chapman, on the 13th or on the 17th of October, 1853, in reference to Gregson's bond or security, "These warrants are all right, but the fact is I have shipped the copper?" Certainly not.—Did you say anything of that sort? Certainly not.—Or anything of the kind? Certainly not.—Did you ship any copper pretended to be represented by those warrants, bearing the endorsement of Gregson and Co., and which warrants were in Messrs. Overends' hands? Certainly not.

The bankrupt then went on to explain that the warrants to which Mr. Chapman referred in his evidence were not the same, and had no reference whatever to the transaction with Messrs. Gregson and Co.; and that neither in quantity or quality did the goods correspond. He also explained his transactions with respect to Messrs. Freeman and the Copper Company of Bristol, but this portion of the evidence is so dry and uninteresting, that it will suffice to say that the bankrupt's version of these transactions differed very materially from that which has been already published; 400 tons of spelter were delivered from Hagen's Wharf in October, 1853. Knew nothing of the arrangements between Chapman and Cole, and had nothing whatever to do with Cole's transactions in supplying the spelter at £15 per ton. In the course of this evidence, the Commissioner asked if Maltby had not died in gaol?

Mr. LINKLATER.—Yes, in November. This was in October. Mr. Vaughan, of the firm of Freeman and Copperley, brought an action, and a verdict was given against him; in fact, he absconded.

Mr. LEWIS denied that.

Examination continued.—In July, 1853, we took the distillery from Webb. At that time we had considerable advances from Bennet and Co., and we deposited warrants. When we took the distillery we took the whole of Webb's debt upon ourselves. That was part of the arrangements concerning the distillery. We gave Messrs. Barnett, Hoare, and Co. security for Mr. Webb's debt, and our promissory note subsequently. I did not deposit any new warrants with Messrs. Overend after October, 1853; it is impossible we could have done so. The greater portion of Messrs. Barnett's debt was paid off. Their debt was £16,000 when we took upon ourselves Mr. Webb's debt, and it was only £1400 at the time of our bankruptcy.—How much were your transactions with Cole during the three years and a-half? £450,000. Cole's account was to be easily ascertained, but not without reference to the cash book and the account current book. The cash book was not made up at the time of the bankruptcy, but it contained entries up to the day I left, and I have not been obliged to add anything to either of the books for the purpose of making up the ledger. The distillery cost us £206,000 in cash and debts we undertook to pay, and which are all proveable under my bankruptcy. We afterwards made an arrangement with the London distillery, which was that the quantity of spirits we sold should from time to time be regulated so as to enable us all to obtain a certain profit.—I suppose the English of that means that you were admitted to the monopoly of the London spirit merchants? Yes, certainly (laughter).—I suppose before that they used to "nurse" you as the omnibuses do each other? Yes, exactly. After that they allowed us to go on in peace. Our gross profits during the first nine months, when quite inexperienced in business, were £22,000, and our expenses £12,000, showing a net profit of

£10,000. Afterwards the whole of the plant of the distillery was sold piecemeal as old copper, while Messrs. Overend and Gurney, our assignees, and other parties were disputing about it. I surrendered to my bankruptcy on the 23rd of December, 1857, and I did that only on the consent of my assignees. The assignees have freely used my services in realizing the estate. I have done all in my power to assist them, and I have been employed almost day and night. £1000 of the money I took away was the produce of sales previous to the 17th of June, 1854. It is requisite to dispose of spirits very shortly after preparation, because within twenty-four hours it will lose by evaporation two or three per cent. When I went away I took the same notes that I got from the bank, and I changed them at Aix-la-Chapelle in my own name. I invested a portion of the money in Prussian securities to get interest upon it. Mr. Beard (the creditor who pursued the bankrupt) went in a different name, and disguised in his appearance, wearing a beard and blue spectacles. A brother of my partner (Dr. Davidson) resided at Naples; and when Mr. Beard arrived at that city he wrote to Dr. Davidson, saying that he was a large creditor on our estate, and had pursued us from Neufchatel to that place, and "they cannot now escape, and should they wish to avoid further steps being taken, an immediate settlement of my claim must be made. If I do not hear from you in half an hour, I shall conclude I must proceed." In reply to that letter Dr. Davidson wrote:—"I have well considered your letter; and, being of opinion that the attempt to obtain by intimidation a liquidation of your own particular debt would be, if successful, a fraud upon the other creditors, of whom I am one, I have prepared copies of your letters to be sent to the assignees, through my London agents, that they may take the proper steps under the circumstances." Mr. Beard then wrote another letter, saying that he was not surprised at the contents of a letter coming from a relation of such men as the bankrupts: "I have yet to learn, after much business experience, that my claim against them is extinguished by roguery or the collusion of friendly creditors; and rest assured that I shall be most happy to meet the bankrupts in London, when you and other relations have ceased to aid them in defrauding either one or the whole body of their creditors." Copies of this correspondence were sent to the assignees. This was long before I was imprisoned at Malta. At that time I believed myself to be possessed of the Prussian securities. I was totally unaware that Mr. Beard had attempted any attachment upon them, and I am not aware that the assignees have taken any steps to prevent that attachment. The cause of my going away on the 17th of June was the attachment placed on my account at the banker's on that day. At that time I had given drafts to the Excise on account of duties, and I knew consequently that they would be dishonoured. My object in going away was to enable me to treat for an

arrangement with regard to the attachment. Mr. Henry Barnett, my own banker, advised me that I had better go away for a few days. I kept an account of our personal expenditure in a book. We spent £400 between June 1854, and April, 1855. The assignees have that book. A week before we left, from June 10 to June 17, we paid away in the ordinary course of business, about £15,000. A payment of £200 was made to the Copper Company within a few days of our going.

Mr. LINKLATER, in reply to the Court, said the distillery had realized £11,628.

The bankrupt, examined by Mr. LINKLATER, said—I state positively that on the 13th of October Mr. Chapman asked me if we had any margins we could give him, and I mentioned one of Gregson's, about £1400. We had a larger margin of Messrs. Hoffman's—some thousands—but I did not think it prudent to give him that. I had margins in the hands of a dozen houses, but I could not give him them without injuring my credit; and Mr. Chapman said he did not wish us to do anything to injure our credit.

Mr. Chapman.—That is false.

The Bankrupt.—I did not tell him of the margins which we had in the hands of other houses. I believe that the warrants held by Barnett, Hoare, and Co. had been lodged by Webb to secure his debt of £15,000. To the best of my belief they are the same.—Will you swear it? The bankrupt hesitated to answer this question, and then asked to be allowed to see the warrants again.

Mr. LINKLATER.—Yes, certainly, you shall look at them again, and as long as you like, before you answer that question.

After perusing the warrants, the bankrupt said:—I believe that they are the same warrants. They were warrants which Mr. Cole had had in his possession, and they are from me to Mr. Webb. We were Webb's supporters. We saw all the payments and receipts of the distillery. Mr. Webb became indebted to Messrs. Barnett, Hoare, and Co., and we gave him the warrants which he lodged with them. He paid us nothing for them, but he gave us a general consideration for transacting his business; he allowed us so much a gallon on all the spirits we sold. To the best of my belief, we lent him the warrants to deposit with Barnett and Co. We did not go to Naples in our own name, but we took our own names twenty-four hours after we had arrived there. We were not induced to do so by being taken before a magistrate.—Had you any dirks or revolvers about you? I had a revolver, and found it very useful. I do not know whether Mr. Davidson had a dirk or not.—No wonder, then, that Mr. Beard found it necessary to disguise himself. No, it was the lazzaroni who proved the utility of my revolver.

Mr. J. W. Cole was briefly re-examined by Mr. LINKLATER as to the spelter which he supplied to make up the amount represented by certain

warrants held by Overend, Gurney, and Co. He stated that the 400 tons supplied did not belong to those warrants. Messrs. Overend, Gurney, and Co. had no claim on it. He supplied it at £15 a ton, but for that they would have had to pay £25. Overend and Co. gave him credit for £120,000 with respect to the distillery, and allowed him interest upon that sum. In 1853 the amount of interest with which he was so credited was £1000, and the balance owing by him to the bank was about £40,000; this was subsequently reduced. Thought he had communicated to Mr. Gordon the effect of his interview with Mr. Beard, who came to ask him for advice as to how he was insured himself against loss as to the amount Davidson and Gordon owed him; told Beard that he had acted rather sillily in attaching their account at their bankers and then coming for advice as to what they should do.—Putting the cart before the horse? Yes, just so; the end of it was. I was not the originator of the transaction with the Westminster bonds. He saw Davidson and Gordon on the 17th of June (the day they left). Gordon said he could not meet his cheques, and did not know what to do. He said Mr. Elmslie had told him to keep out of the way. Acceptances of Davidson and Gordon for £30,000 had passed through his hands; did not know they were drawn by Mr. Molineux. They were for Westminster bonds which were not forthcoming. He held them as between the parties, but did not give them back to Davidson and Gordon. They went into the hands of a solicitor. At the interview with Mr. Chapman, on the 13th of October, did not hear Mr. Chapman ask about Marquis. Mr. Beard told him that Messrs. Overend, Gurney, and Co. had thrown discredit on Davidson and Gordon at the time he had given them credit, but that he had given them credit notwithstanding.

By Mr. Lewis.—I merely held the £30,000 worth of bills as a trustee or stakeholder. At that time there had been large dealings in Westminster bonds; they had sold for as much as £90 or £100, and interest had been paid upon them. Beard's debt arose from Mr. Hudson, M.P., having dishonoured his acceptance. He believed the bill had since been paid.

His Honour here intimated that Mr. Hawkins was at liberty to put any question he chose to Mr. Chapman, though he might not address the Court.

Mr. Chapman, being recalled, produced a note signed by Davidson and Gordon, dated April, 1853, for £92,000. He also identified five warrants, representing 300 tons of spelter, and verified his deposition of the 10th June, 1855. He adhered to the statement that he had conversations with Gordon on the 15th and 17th of October. He had no more doubt of it than he had of his own existence.

By Mr. Lewis.—In my examination on the 20th December, 1855, I stated that I had no separate conversation with Gordon, but that refers to the interview of the 13th, and not of the 12th. After 1853, no new

warrants were deposited. In my examinations of August and December, 1855, I did not express satisfaction with Gordon's conduct as to the warrants.—Did you not express your satisfaction with Gordon's conduct (upon being examined at these dates) with regard to the warrants? I say I have not done so.—Not at all? No, certainly not. I should say I have never spoken except in terms of disparagement of them. I have no legal ground for making any charges against Davidson and Gordon of having concocted warrants; Mr. Cole has taken that on himself.—Has Mr. Cole taken on himself the charge of having concocted warrants? Well, not of concocting warrants exactly, but of having removed metal.—Did you hear Mr. Justice Erle make this observation? (Impatiently): No, I did not. I know nothing about Mr. Justice Erle.

Mr. LEWIS remonstrated with the witness upon his having replied so hastily, and reminded him that the question about to be put to him had reference to an observation made by Mr. Justice Erle while he (witness) was under examination before that learned judge, and might naturally be supposed, therefore, to have heard all that passed.

Witness.—I was prevented from answering Mr. Justice Erle, or I should have been glad to have done so.

Mr. LEWIS.—Pray have the goodness to answer my questions simply, Mr. Chapman. It is a feature of your evidence, that we have too many explanations and too few facts.

Witness.—I do not see it.

Mr. LEWIS.—I am about to read from the short-hand notes you have yourself produced of your own examination. Mr. Justice Erle says, "The observation upon it, according to this witness is, that he clears Gordon from any fraud." Mr. Chambers upon that replies, "Yes, he does quite, from that." Did you hear Mr. Justice Erle say that? I cannot say, but it is entirely consistent with what I now state.

His HONOUR thought the whole examination should be read.

Mr. LINKLATER thought it of much more importance to Mr. Chapman than he imagined to have this matter cleared up. If Mr. Justice Erle made that observation in the hearing of Mr. Chapman, it would become exceedingly important.

The COMMISSIONER.—Repeat the question, and then read the whole of the examination.

Mr. LEWIS again put the question.

Witness.—I will just read the answer in my own words that I gave to a question.—No, no, Mr. Chapman; I asked you a direct question, whether you heard that observation? I really cannot say whether I did or not.—Did you hear him say it or not? If you ask me the question, I should say I do not remember it, but I will read from the short-hand notes what I did say.—Then I will ask you whether you believe Mr. Justice

Erle said it? I say I am not conscious of it. I cannot remember what was said by a judge two years ago.—Do you believe Mr. Justice Erle said so? I should say certainly I do, because it is in the short-hand writer's notes; but I recollect particularly that I left it quite an open matter. I said we have been defrauded, but I did not say by whom.—Do you mean that you purposely omitted all mention of the 17th of October? I had no opportunity of mentioning it.

Mr. Lewis then read the whole of the examination of Mr. Chapman on the 25th of August at the Old Bailey, upon the occasion of the trial of the bankrupts for non-surrender to their bankruptcy.

Mr. Lewis.—Now, having heard that read, I ask you, did you purposely omit any mention of the conversation of the 17th? Mr. Chapman. —No.—Did you not say you had not mentioned it before, because you did not wish to be a voluntary accuser of Mr. Gordon? I did not wish to do so.—But is that the reason you kept it back? I had no opportunity of stating it.—You see you place yourself in a dilemma. You give two reasons; it cannot be both; which is it? because you had no opportunity of mentioning it, or was it because you did not desire to do so? My answer is, because I was never asked. In my examination of the 10th of July, 1855, my statement that I had no communication with Cole or Gordon "on this subject," refers to the warrants for 400 tons of spelter which had been alluded to.

By Mr. Hawkins.—At the previous examinations, not a single question was put to me with respect to any other interview than that of the 13th of October, 1855. When I said on the last occasion that I traced the copper shipped by Gordon, I meant that I did so by Gordon's admission, which enabled me to get the letter directing Gregsons to pay the balance to me. I never spoke in favour of Davidson and Gordon after the 13th of October, but frequently the reverse. On one occasion, hearing that some one was discounting their paper, I held up both my hands, and said, "Is it possible that you can be doing business with those people?" Again, Messrs. Sichell and Co., of Manchester, wrote to us shortly before October 13, to ask us our opinion of the standing of Davidson and Gordon, to which we replied that they were respectable, active young men, and we thought thriving; but that they were colonial brokers, and we could not understand what gave rise to these inquiries from Manchester—why they should be buying Manchester goods. After the 13th, it occurred to us that we had written this account of them, and we wrote again, referring to our former letter, and said that in consequence of something that had occurred, we had changed our opinion, and recommended exceeding caution. I likewise said to Mr. Beard that I should not trust them. He said, "That is a very different opinion to the rest of the world." I said, "Any one else may say what he likes—I should not trust them."

Gordon's statement that I asked on Oct. 13, if they could give us any margins, is perfectly false.

By Mr. LINKLATER.—The paper produced is an account of our transactions with the bankrupts after Oct. 13, 1853, but they are all continuations of old transactions. We discounted bills for them after our interview with Mr. Beard; the reason was that we had an enormous amount of property in our hands belonging to Mr. Cole, consisting of metals of which we knew nothing, and for the realization of which we were dependent on him. I recollect discounting two bills in January, 1854, which were accepted by George Hudson and C. J. Mair. We discounted some other bills for them in April, but we charged something out of them for previous loans. I had previously told people that I had not much faith in Davidson and Gordon.

Mr. LEWIS.—Do I understand you to say that you were giving a bad account of them while you were discounting their bills?

Witness.—That is not so; you have the facts as I have stated them.

Mr. LEWIS again put the question, and pressed the witness repeatedly upon it, and at length he said, "I recollect discounting bills for them, but we took those bills at our own hazard, to get out of other things."

Mr. LINKLATER then said, in support of the charges against the bankrupts, that the assignees, though admitting the bankrupts had suffered severely, were bound by a sense of public duty to oppose their application for certificate. The case derived a more painful interest from the fact that others had participated in their irregularities. After reviewing the course of their trading, and their connection with Joseph Windle Cole and Webb, Mr. Linklater observed that these parties had only been enabled to embark in their gigantic transactions by means of the funds supplied by Overend, Gurney and Co., and others. Webb was the first to stop, and in July, 1853, the bankrupts took upon them the distillery at West Ham. Referring to the warrants, he said that their form, if carefully examined, could deceive no one. Cole had obtained advances on these warrants from Overend, Gurney, and Co., and had also lent some to the bankrupts. The whole found their way to Messrs. Overend and Co., to the amount of £323,000; but during 1852 and 1853 Cole contrived, with the consent of Maltby, to get property away to the extent of £430,000. Some was removed to Grove's Wharf, and the rest disposed of. So early as June, 1852, Cole had told Gordon that if he dealt with those warrants, he would do so on his own responsibility. In October, 1853, Messrs. Overend and Gurney held warrants for £373,000 worth of property which represented nothing. Of those £104,000 had been deposited by the bankrupts. When Overend, Gurney and Co., on September 24th, determined upon realizing, the bankrupts knew that the bubble must burst, and this accordingly took place at the interview of the 13th October. It was then distinctly brought

to the knowledge of Gordon that the property had been removed. Notwithstanding this he had over and over again denied the fact in his examination. Mr. Linklater then proceeded to remark upon the conduct and transactions of Mr. Chapman with the bankrupts. It was manifest, he said, that Mr. Chapman wished to get from Davidson and Gordon all the property they possessed. Mr. Chapman had said his firm had never intended to accept the West Ham distillery as a security for the enormous debt due to the house of Overend, Gurney and Co. by Cole Brothers and Davidson and Gordon: but he had produced the draft of a transfer of the distillery from Davidson and Gordon, and Cole Brothers, to the house of Overend, Gurney and Co., for £120,000. It appeared that Davidson and Gordon, and Cole and Mr. Chapman had all been acting together. Indeed, it would seem that Mr. Cole had acted as the agent, if not the friend of Mr. Chapman; for when Davidson and Gordon lodged warrants for 400 tons of spelter with Mr. Chapman, he sold the spelter, and if the purchasers had applied for their goods, they would have found they had long since been removed from Hagan's Wharf. The warrants were dated as far back as 1831, and the advances were made by Overend and Co. in the year 1834. When Mr. Chapman found there was something wrong about the warrants, he got Cole to procure for him 320 tons of spelter at £15 per ton. Why? Mr. Chapman was bound to deliver 400 tons to the persons to whom he had sold the spelter; he had delivered fictitious warrants for that spelter; he did not know they were fictitious beforehand, but afterwards he did. To whom then did he apply? To his friend and customer, Mr. Cole. Mr. Chapman knew that there were no goods at the wharf to represent those warrants. He knew that it must have been a dishonest act that abstracted them from the wharf, but he found that Cole could find him 850 tons of spelter at £15 a ton, when its market price was £25. How could Mr. Cole manage that? Could Mr. Cole afford to make the firm of Overend and Gurney a present of the difference?

Mr. Cole.—Yes. (Laughter.)

Mr. Linklater.—Then I hope that Mr. Chapman feels complimented by the gracious act of a gentleman in so high and important a position as that occupied by Mr. Joseph Windle Cole. (Laughter.) A very serious part of the case, however, was that Mr. Chapman had withheld the fact of that important confession of Gordon's on the 17th October, that he had extracted the spelter to which the warrants referred, which he had deposited with Chapman. The bankrupts had been acquitted on two indictments, because Mr. Chapman had suppressed the fact that they had robbed him of spelter to the value of £8000, and left him in possession of worthless papers. Again and again had Mr. Chapman protected Gordon, and thrown around him the shield of the house of Overend, Gurney, and Co., and it was not until the expiration of the sentence the bankrupts had undergone that Mr.

Chapman disclosed the interview with and confession of Gordon on the 17th October, by his evidence in this court. Mr. Chapman had put the assignees to very large unnecessary expenses by thus defeating the prosecutions they had instituted; but, fortunately for the ends of justice, Messrs. Davidson and Gordon had been convicted after escaping two indictments, which were overthrown upon purely technical grounds. But beyond this Messrs. Overend and Gurney had proved against the estate of the bankrupts for upwards of £120,000, but they afterwards withdrew that proof, and agreed to pay £3000. He (Linklater) could not regard this as anything but an attempt to silence the assignees.

Mr. LEWIS objected to this being imported into the case; they were not upon the case of Cole, but upon the application of Davidson and Gordon for certificates.

His HONOUR said, it was clear that Cole had conspired with Davidson and Gordon, and there was quite sufficient evidence to connect them together. Indeed, this was very much like a trial for conspiracy, and he should take the act of one of those persons as the act of the others.

Mr. LINKLATER then proceeded to state the four grounds upon which the assignees considered they had cause to complain of Mr. Chapman's conduct in connection with the bankrupts. First, that Overend and Gurney, on discovering the great fraud committed upon them, on the 13th October, 1853, not only warned no one of the danger of dealing with Cole or Davidson and Gordon, but when questioned (according to the evidence of Mr. Chapman), never hinted a suggestion that either of them was dishonest. Secondly, that Overend and Gurney continued their transactions with Cole down to the time of the bankruptcy of Davidson and Gordon, and also with Davidson and Gordon, and that the accounts consequently with Cole and Davidson were reduced by no less a sum than £23,000. Thirdly, the transactions with Cole with the spelter—accepting it at £15, when the market price was £25 per ton, giving thereby a benefit to the extent of £4000, which must either have been a present of Mr. Cole's, or must have belonged to some other persons, from whom Mr. Cole had taken the spelter which he could control for £15 per ton; and fourthly, that Mr. Chapman had concealed information of vital importance in the prosecution of the bankrupts.

The sitting was then adjourned for the purpose of enabling the counsel of Mr. Davidson (absent on the present occasion) to be present, when Mr. Linklater would proceed to address the Court upon that part of the case with which he (Davidson) was more particularly connected, his Honour expressing his opinion that it was probable the learned counsel in question might be desirous of showing a distinction to exist between the cases of the two bankrupts, a probability for which his Honour thought there was some ground.

(*Before Mr. Commissioner* GOULBURN, *December* 24, 1858.)

Mr. Linklater appeared for the assignees, Mr. Roxburgh for Davidson, and Mr. C. E. Lewis for Gordon.

Mr. Thomas B. Sparkes, clerk to Freeman and Co., produced two orders from the bankrupts, dated July 16, 1853, and July 23, 1853, to deliver 50 tons of copper. The order was to deliver the copper to Messrs. Gregson and Co., and no doubt the copper was delivered to that firm, as per Mr. Gregson's signature produced. The copper had never been out of the Copper Company's warehouse until delivered to the order of Messrs. Gregson and Co.

The handwriting of the bankrupts, ordering the copper, was next proved. The shipment of the copper per "Alfred" was also proved; as also were the invoices of the bankrupts, and the account sales of Messrs. Gregson and Co., dated February and April, 1854, by Messrs. Gregson's agents in Calcutta.

Mr. LINKLATER said the object of the evidence was to show that Mr. Chapman must have been mistaken when he stated that the margin on copper, by which they had benefited, had been the proceeds of warrants for copper as held by them (Messrs. Overend and Co.).

Mr. Bois, examined, said he was present at the interview of the 17th of October, 1853, between Mr. Gordon and Mr. Chapman. On that occasion he produced to Mr. Gordon the list now shown. It was in his (Bois's) handwriting. The bankrupt and Mr. Chapman went through that list for the purpose of ascertaining where the goods were. Mr. Gordon on that occasion said the copper represented by a warrant dated June 21, 1851, had been shipped by him. He found the word "No" written in pencil by Mr. Chapman on the list of warrants. On the 17th of October, Gordon said the property represented by the warrants had been shipped. The word "No" meant that there was no copper.

By Mr. ROXBURGH.—The interview took place between ten and four o'clock, at 65, Lombard Street. Mr. Chapman, Mr. Gordon, and himself were present. He (Bois) was called in to see the warrants when Mr. Gordon was there. He was present at the interview on the 13th of October; it took place about 7 P.M. Nothing was then said about the warrants, except in a general way. The warrants were not produced. Mr. Chapman had a list of the warrants as supplied by Cole. The list produced is that list; it was prepared by Mr. Chapman to know the extent of Cole's warrants as held by the house of Overend and Gurney. The list was made out on the afternoon of the 13th, after Mr. Chapman had seen Mr. Cole. He (Mr. Bois) was not present at the first interview between Mr. Chapman and Cole. He first recollected the interview of the 17th of October, at the present certificate meeting; it was brought to his recollection by a letter of the bankrupt produced, requesting the balance of Gregson's copper to be paid to

Messrs. Overend and Co. It was in consequence of the letter to which he had referred, and another letter of the 17th of October, that he recollected the interview of the 17th. The letter was written by Gordon in their office, at the interview in question, and on considering the matter the event was brought to his mind. The corresponding marks on the paper produced, and the letter being written on their paper and not on Gordon's, brought the matter to his recollection. The reference in the letter to "shipments per Gregson and Co.," assisted him. The letter was prepared on the 14th by Mr. Chapman. Until yesterday he had had no conversation with Mr. Chapman on the subject of the interview of the 17th. One letter of the bankrupt came enclosed to them in the other. Gordon took away the letter to keep a copy of it. This was on the 17th; it was returned afterwards in the other letter. Gordon was present when the pencil-marks were made on the warrants on the 17th by Mr. Chapman. It was only from the date of the letters that he was able to swear to the date of the interview on the 17th. He never searched for any of these papers on the occasions of the trials of the bankrupts.

The COMMISSIONER.—I hope we have done with the evidence at last. I don't much like this aftermath. (Laughter.)

After a pause, Mr. LEWIS said he would only call one more witness; and Mr. William Thorogood Harkness, clerk to Messrs. Joyce, having proved the shipment of the copper in July, 1853, per "Alfred," to Messrs. Gregson and Co., the evidence in the case was concluded.

Mr. LINKLATER.—Without reference to anything that has transpired elsewhere, the Court will permit me to say that if it should be attempted to be said on the other side that Messrs. Overend, Gurney, and Co. within a few days after they had parted with these warrants got them back again into their possession, that, sir, would be an entire fallacy; as it would, also, be a fallacy to say that Messrs. Overend, Gurney, and Co. had no transaction with Cole or with Davidson and Gordon which had not reference to some previous transactions between the bankrupts and that house. Nor would it be correct to say that the debt of Messrs. Overend, Gurney, and Co. with those two houses was not reduced to the amount of some £23,000 in respect of new transactions. Now, sir, the facts, as your Honour has heard them, with reference to these warrants, as to which I will say but a very few words, were these:—I find, by documents which Overend, Gurney, and Co. have furnished me, that they did receive in respect of the 400 tons of spelter on the 5th of October, and on the 11th of October, the amount of the sales from the purchaser. On the 13th of October, two days afterwards, there was the discovery, as Mr. Chapman says, of the fraud; and it becomes important for this Court to see how it was that the bankrupts and Mr. Cole—because Mr. Cole's case is that he was supporting the bankrupts—were enabled to go on from the month of

October, 1853, down to the month of June, 1854, keeping up their credit to the very last. It appears that Messrs. Overend, Gurney, and Co., on the 11th of October, sold a portion of the spelter represented by these fictitious warrants; and a few days previously they sold other 300 tons, and received the money from the purchaser, it is true, a day or two before the 13th of October—part on the 5th and part on the 11th—the total amount of the sale being £8000. The warrants given out by Overend and Gurney represent all the spelter which they had sold as lying at Hagen's Wharf, and on the 13th of October they knew that those persons who had purchased from them this spelter had in their possession warrants to all intents and purposes utterly valueless—as valueless as would be a forged bill of exchange.

The COMMISSIONER.—Did they know that on the 13th?

Mr LINKLATER.—On the 13th—I speak only from Mr. Chapman's own evidence, which entirely contradicts a statement made elsewhere—on the 13th of October they became aware that all those documents were as valueless and as far from genuine as would be a forged bill of exchange. They knew that those documents were transferable by endorsement, and would in all probability be dealt with from week to week, or perhaps from day to day, and that the purchaser would take only the documents, the property represented to be lying at the wharf having no existence. Messrs. Overend, Gurney, and Co. on that 13th of October knew that they could go to their purchaser and say, "The documents you have got we find have some irregularity connected with them; don't endorse them away in the world; don't put your name at the back of a paper which is in reality only a forgery, but return them to us, and we will perform our contract, which is to deliver you 400 tons of spelter." The accounts which Messrs. Overend, Gurney, and Co. themselves render show, that although they were aware that these warrants were out in the hands of the purchasers, or those who had bought from them, some of them for no less than four months, they allowed those warrants to be available in the market, to be transferred, endorsed, and dealt with as the purchasers chose. Sir, it became necessary, in order to conceal from the purchaser their fictitious character and give a colour of genuineness to that which they knew to be fictitious, that somehow or other, when the purchaser presented his warrants at the wharf, there should be found spelter to meet them; and accordingly they employ Mr. Cole—the last gentleman in the world according to Mr. Chapman's evidence, for Mr. Chapman says, as far as the moral delinquency was concerned, Mr. Cole took all that upon himself—they employ Mr. Cole as their agent, and they say to Mr. Cole, "Although we can't get spelter in the market under £20 a ton"—or, as Mr. Cole says, £25 a ton—"we beg that you will, somehow or another—we don't care how you do it—have spelter at the wharf ready to be delivered to the purchaser when he presents his forged

document. Let him remain under the impression that it is perfectly genuine." Mr. Cole says, "I will do so if you will pay me £15 a ton." I asked before how it was that Mr. Cole could afford to make Messrs. Overend, Gurney, and Co. a present of spelter at £15 a ton. Mr. Cole said he was in a position to do that and a great deal more. But something more was wanted than mere passiveness on the part of Overend, Gurney, and Co. Then, when that false warrant was produced at the wharf, the wharfinger must be a party to the fraud, in order to keep up the deception to be practised on the purchaser, because the warrant itself says that the purchaser is to take the goods from Maltby's Wharf, paying rent from a day very long preceding—namely, January, 1851, or June, 1851. When, therefore, the warrant was presented at Maltby's Wharf, it became necessary for Mr. Maltby to be an accomplice with Mr. Cole, who was employed by Overend, Gurney, and Co. to prepare an invoice, or rather to make out a bill of charges against the purchaser, charging the purchaser for spelter that was lying there as from the month of June or January, 1851. Why, sir, Mr. Chapman knew that the purchaser took it subject to the payment of those charges, but he knew well enough that there were no such charges applicable to that spelter, for it had been taken away by Mr. Cole long before. But when the purchaser applied for the spelter, Mr. Maltby rendered to him an account for spelter delivered under that warrant, as if that were the spelter represented by that warrant, and alleging that that spelter had been there from January, 1851, the time of its delivery. That was the necessity of the case. Mr. Chapman knew perfectly well that unless Mr. Maltby, the wharfinger, was guilty of a fraud; unless Mr. Cole, the accomplice of the wharfinger, as Mr. Chapman must have known, was a party with him to such an arrangement as that, the irregularity of this warrant must have been discovered, and Messrs. Davidson and Gordon's career and that of Mr. Cole must have ceased long before. Sir, there is no difference whatever between this spelter warrant and a bill of exchange; and it may be likened to the case of a bill drawn by Cole on Maltby, endorsed to Overend and Gurney, and discounted by them. Within two days, or shortly after the discount, we will assume that Messrs. Overend, Gurney, and Co. are told that the acceptance of Maltby is a forgery. We will assume that, before they learn it is a forgery, they have themselves discounted this bill with some bill-broker, in whose hands they know it is at the time they discover the forgery. They don't go to the bill-broker and say, "Give us back the bill, and we will pay you the money." Although they know that this forgery may be passed by endorsement from day to day, and at last come into the hands of any person who has given his money for it, they permit that bill to remain out in the world for months—for the last delivery of the spelter is, I think, on the 4th of February, nearly four months after the transaction, and after they discover the fraud—and their excuse for doing that is

this :—We did not go to the person with whom we discounted the bill and get it back from him; we warned no one of the consequences of taking that bill, because, forsooth, we ourselves, when that bill was presented at Mr. Maltby's, managed to place, somehow or other, in Mr. Maltby's hands so many guineas to meet the acceptance. That is really the case of these spelter warrants. Is is all very well to say that the house of Overend and Co. were able to make good that loss; but assume that this was a forged bill for £8000; it is parted with in the world; for four months that bill is circulated as a genuine document; and suppose before the time of the maturity of that bill, for which Messrs. Overend and Gurney profess to be willing to provide the money, Overend and Gurney had, in fact, failed. It may be, as it has been said, an impossible occurrence. Suppose it had occurred, the person who had taken the bill months after Messrs. Overend and Co. knew it to be a forgery would lose his money, and when Overend and Gurney were applied to on the subject they would say, "Friend, we are very sorry, but we really intended to take it up when it became due, but circumstances have changed." Was there ever a clerk who embezzled his master's money who did not say, "I took it intending to restore it; circumstances have overtaken me, I cannot return it; I am very sorry you should be a loser?" It happens in this case, owing to their good fortune, that Overend and Gurney were able to provide the means to meet this document when it was presented, and therefore the purchaser remained in ignorance. It is clear, therefore, that Overend and Gurney were not only consenting parties to not exposing this fraud, but that they were really permitting a continued deception to be practised by Mr. Cole and Mr. Maltby on the public, representing to the public that they were genuine documents when, in fact, they were fictitious. With reference to the transactions of Messrs. Overend and Gurney, it appears that they continued their transactions with Cole; and although with Davidson and Gordon the amount was only £7000, the extent of the transactions with Cole was between £40,000 and £60,000, making, therefore, the amount of transactions with both houses nearly £70,000, out of which transactions, to the prejudice of the new creditors, Messrs. Overend and Gurney got into their pockets some £23,000.

The COMMISSIONER.—I do not quite follow that.

Mr. LINKLATER.—The evidence shows that after the 13th of October —and this is Mr. Chapman's own statement—he continued his dealings with Mr. Cole, and that those dealings were to the extent of £50,000 or £60,000. They had new transactions with Davidson and Gordon to the extent of £7000, and, out of those new transactions with Davidson and Gordon and Cole, Overend and Gurney retained, as against their old debts, some £23,000. I say the evidence shows most clearly that those transactions had no reference whatever to any previous dealings, either between

Overend and Gurney and Cole, or Overend and Gurney and Davidson and Gordon, and the facts stand admitted on Mr. Chapman's own examination, and are abundantly proved even by the accounts they render, that they did get into their possession, by their new dealings with these gentlemen, some £23,000. The case, therefore, stands just where I put it on the last occasion, that for months Messrs. Overend and Gurney permitted these false warrants to be circulated in the world, keeping up the credit of Davidson and Gordon for so long a period; they permitted them to be represented as genuine documents, when, in fact, they were fictitious; that they did continue their transactions, and we know were gainers to the extent of £23,000, which otherwise they would not have got. I say that it is the admitted fact upon the evidence, and it is for those who have the facts stated to them, to judge with what motives those subsequent dealings were continued. With reference to the mode in which the spelter was provided for meeting the warrants, that appears to me to be one of those irregularities connected with the case, because this spelter was spelter supplied on account of Davidson and Gordon; and I am obliged, therefore, in dealing with the position of Messrs. Davidson and Gordon, to introduce the names of those who have been so mixed up in transactions connected with their affairs. It has been utterly impossible for me to avoid it. With reference to the interview of the 17th of October, about which some additional evidence has been introduced now, I confess it is a question on which the Court will, no doubt, have regard to the statements on all sides. It will have to consider whether or not the circumstances in which Mr. Chapman is placed by his evidence at so late a stage, induces the Court to disbelieve his statement.

The COMMISSIONER.—He is supported by Mr. Bois.

Mr. LINKLATER.—It is a question of credit. I have been impressed with circumstances which undoubtedly require very serious consideration, in judging of the credit and credibility to which Mr. Chapman is entitled in respect of that. I myself have come to the conclusion that, in the main, Mr. Chapman and Mr. Bois are speaking the truth. Of course, when Mr. Chapman tells us that from the 17th of October, 1853, down to nearly the end of 1858, some five years, although these bankrupts were subjected to prosecutions, in the course of which he was called as a witness over and over again, when he tells us that for the purpose (and he could have no other object) of shielding these bankrupts from the consequences of their delinquency, Mr. Chapman withheld that information from a court of justice, it necessarily shakes one's belief in the story which Mr. Chapman tells us when he comes at last and confesses it, and says in the witness-box it was provoked from him by Mr. Gordon, but afterwards says it was provoked from him by me. Mr. Chapman stands, therefore, by his own confession, convicted of having wilfully withheld that in-

formation with the object of protecting these gentlemen from the consequences of their misdeeds, when the law was pursuing them; and I feel that that is, in judging the question of the credibility of Mr. Chapman, a most important ingredient. Mr. Bois has been examined, and he confirms the statement of Mr. Chapman; but the most singular part of the case is, that time after time we have new documents introduced of the utmost importance, which, in all probability, if they had been produced before, would have left the matter without the possibility of doubt; and now we have something produced at the tenth examination which Mr. Chapman wrote at the time, which has heretofore been withheld; when these things are produced, almost torn from Mr. Chapman, one cannot help coming to the conclusion that even to the last hour, if he could, he would have withheld the information, which is clearly of great importance to the interests of justice. Mr. Chapman admits that on the 17th of October Gordon admitted that he had robbed him of his copper, and he says he thought him, on that occasion, a thief.

The COMMISSIONER.—Does he say that?

Mr. LINKLATER.—When asked by my friend, Mr. Lewis, if he called him a thief, he says, "I don't know what I called him; I know what I thought him." What is the course which Mr. Chapman pursues with a person whom he thinks a thief? He gets from him an order, out of which results a payment of £1500 two days after Davidson and Gordon had absconded. Of course it is not for me to suggest that that is not the way in which such great houses should deal with persons whom they believe to be such great delinquents.

Mr. LEWIS.—You must not for one moment suppose that I am Mr Chapman's advocate.

Mr. LINKLATER.—I was about to say, when my friend interrupted me, that it would be for him to show that Mr. Gordon was not the delinquent he was represented to be.

The COMMISSIONER.—I do not think, Mr. Lewis, you can quarrel with Mr. Linklater's mode of putting it. He is giving the preponderance of credit to Gordon.

Mr. LINKLATER.—I really must not be supposed to say that, if your Honour will pardon me.

The COMMISSIONER.—Very near it.

Mr. LINKLATER.—I merely say this, that one thing is clear, and that is, that in the statement with reference to the shipment of the copper, Mr. Chapman is mistaken beyond all question. I do not think Mr. Chapman, supported by Mr. Bois, supported by the documents produced, is mistaken when he says the meeting of the 17th of October did take place. I think he is mistaken when he says Mr. Gordon stated that the copper represented by the warrants in their possession, was in the hands of Gregson

and Co. Mr. Linklater then proceeded to review the bankrupts' conduct, and concluded by stating that there would not be a farthing for the creditors, unless the evidence given in this court should lead to the recovery by the assignees of some thousands of pounds from Messrs. Overend and Gurney, with respect to the transaction in which the names of Messrs. Gregson and Co. had been mentioned.

The COMMISSIONER.—It occurred to me at the time that this sum might be recovered.

Mr. LINKLATER resumed.—It had been a painful duty to review the circumstances of this painful case, and had the bankrupts alone been concerned, the assignees would have been content that they should, after the punishment they had undergone, receive certificates. He would now leave the case in the hands of the Court.

The COMMISSIONER remarked that it was proper that it should be known that Mr. Chapman's counsel could not address the Court in reply to any evidence or statements which he might consider capable of explanation.

Mr. ROXBURGH addressed the Court for Davidson. Divested of stage clothing, the conduct of his client had been very different from that in which it had hitherto been enveloped by a mass of prejudice. Whatever might have been the conduct of Messrs. Overend and Gurney, his client had nothing to do with that or with the warrants.

The COMMISSIONER.—Do you not think that Cole is identified with the bankrupts?

Mr. ROXBURGH.—He had noticed a remark of the Court to the effect that the case had been one of conspiracy.

The COMMISSIONER.—Conspiracy means concert, and perhaps concert would have been the better word.

Mr. ROXBURGH submitted that there had been neither conspiracy nor concert. He was at a loss to conceive on what evidence either could be sustained—what evidence there was on which a guilty knowledge by the bankrupts of the character of the warrants could be maintained. Their transactions were faithfully recorded in their books, everything was vouched to a shilling, and Mr. Chapman had fully acquitted the bankrupts of any guilty knowledge of the fraud that had been committed in the negotiation of the warrants. The Court was not to assume the guilt of the bankrupts from the number of indictments that had been preferred against them. The bankrupts might attribute their misfortunes to the date of their introduction to Mr. Webb. Mr. Webb had, however, been introduced to them by Mr. Tindall, the deputy-chairman of Lloyd's, and they had no reason to anticipate evil. It was not disputed that the distillery had cost £200,000, and it was on the strength of this that the bankrupts made advances until the amount was £165,000. Up to that moment the dis-

tillery had been "nursed," and it was felt that if that could oe got rid of, the distillery would become a source of profit. In June, 1853, they took security. Davidson and Gordon had subsequently got introduced into the distillers' monopoly, and from that time an actual net profit at the rate of nearly £20,000 a-year had been realized. In the first eight months—the bankrupts being men inexperienced in the business—the profits had been £10,000, as proved by the books. At the time of the bankruptcy, however, the works at the distillery, which had cost upwards of £200,000, were torn down piecemeal, and that circumstance was the cause of the present position of the bankrupts' estate. But for the loss thereby occasioned, there would never have been any occasion for the bankrupts to appear here. It was easy when the ruin had been inflicted to say what ought to have been done. No doubt the bankrupts acted unwisely in leaving the country, but they had done so under advice. At the time of leaving they had a fair right to believe that the profits accruing from the distillery would be sufficient to pay their debts, and that their absence would only be of a temporary character. Cole was a person who carried on a very large business in metals, the largest in London, and so large that at one time he had the control of the market. His dealings were principally in tin, copper, and spelter, and he had at one time unquestionably control over the spelter market. Dock warrants were instruments that passed from hand to hand, but it was incumbent upon parties in this case if they intended to retain their individual rights to see that the spelter purporting to be represented by the warrants was registered at the wharf in their names. It did not, however, appear that they had taken even the trouble to ascertain that the goods were there.

Mr. LINKLATER remarked that the warrants themselves set forth that the goods passed by endorsement. The learned counsel had probably never seen a warrant in his life, or he would not advance his present arguments.

Mr. ROXBURGH continued.—It was clear from the warrants that their holders could only sue the wharfinger in the name of the person to whom they were originally granted. If no notice to "stop" the delivery had been given to the wharfinger, he might deliver them to Cole. Messrs. Overend and Gurney had not sent to the wharf to make any inquiry, neither had they given any notice to the wharfinger. If they had given the notice Cole could not have removed the goods. It had been alleged that Mr. Edwards's evidence must destroy the case of his client; but what did it show? Merely that he had been introduced to Cole by the bankrupts, and in such a way that the commission resulting from the transaction had been actually divided between them—the bankrupts and Edwards. Gordon had been in the habit of raising money for Cole. This was done as an agent. Cole had held the bankrupts his debtors for the

amount of his warrants less the brokerage. His excuse for removing the spelter, in fact, was that they held the warrants, and there was between them a disputed account. There was not a tittle of evidence that the bankrupts had the slightest knowledge of the character of the warrants prior to October 13, 1853. Gordon had been to the wharf and seen a quantity of spelter which he believed to be that represented by the warrants. Mr. Chapman had always stated that they had no right to impute any moral delinquency to the bankrupts up to the date of the 13th of October. Up to that day he was persuaded that the bankrupts had been the dupes of Cole. He did not make them a party to the matter at all. Still "harping on my daughter" (laughter), he had said that Cole had taken the entire matter upon himself. Mr. Edwards had so far confirmed this view that he had remained on friendly terms with the bankrupts up to the present hour. Mr. Roxburgh proceeded to quote from Mr. Vaughan's evidence, and in so doing read this passage, "And had sold it to the persons they represented."

Mr. LINKLATER begged to correct the learned counsel. The words should be—"And had not sold it to the persons they represented." The omission of the word "not" in the copy of the evidence quoted by the learned counsel was evidently a mistake on the part of the party who had taken the copy of the depositions from which he quoted.

The COMMISSIONER.—It is singular that this little word "not" should have formed the subject of correction in two different instances. How stands the fact?

Mr. LINKLATER.—In the original transcript of the short-hand writer's notes the word "not" appears.

Mr. ROXBURGH resumed.—The omission of the word in his copy was clearly a mistake. If Mr. Vaughan and Freeman and Copper Company had been so wronged, as was alleged, was it not strange that they should have retained the bankrupts as their agents up to the time of the bankruptcy? There could not have been the flagrantly fraudulent conduct on the part of the bankrupts that was now urged, or Freeman and Copper Company would not have advanced the bankrupts £2000 some months afterwards on securities. If the securities handed Freeman and Copper Company had been realized at the time, they would scarcely be creditors at all at the present moment. As regarded the alleged confession of the bankrupt Gordon on the 17th of October, the whole story was consistent with the bankrupt's evidence that no such interview or conversation had taken place as that alleged by Mr. Chapman and Mr. Bois, and was wholly inconsistent with its occurrence. Gordon said, on the 13th of October, that he could give margins on warrants. Mr. Chapman jumped to the conclusion that there must be margins on the warrants he held. It was clear that Mr. Chapman and his clerk were so confused and bothered

by what passed that they at length had brought themselves to the conclusion that there had been an interview on the 17th. Their interview was inconceivable on any other hypothesis. Mr. Chapman, who had forgotten so much, had, it was obvious, worked himself into the belief that an interview had taken place and statements been made which had not occurred. There was no reason why the bankrupt Gordon should have volunteered a statement that he was a rogue. Mr. Roxburgh proceeded to refer to other allegations in the case. Having been subjected to the severe punishment of two years' imprisonment, with hard labour, and a further imprisonment of ten months, the bankrupts had undergone sufficient punishment, and the Court would not now inflict a severe penalty of a total refusal of certificates. The bankrupts had kept proper books; their expenditure had not been excessive. It was desirable that a chance should be given them of becoming honest and respectable men. They were both but young; justice was not vindictive; and the extreme penalty of the law was not, after the punishment the defendants had undergone, necessary as an example.

Mr. Lewis addressed the Court for Gordon.—He did not complain of the opposition; on the contrary, his client challenged inquiry. He was desirous to give such explanations here as he was not permitted to give in another court. It was very easy to indict bankrupts for obtaining goods within three months of their bankruptcy, under the false colour and pretence of carrying on trade; but it was not easy in a criminal court, where the mouths of the persons indicted were stopped, to explain their conduct as occasion might require. Whether Overend and Gurney had conspired to conceal the fraud was a matter upon which he would not here enter. One thing was clear, that it was admitted on all hands that Davidson and Gordon knew nothing about the fraudulent character of the warrants until the 13th of October. The manner in which Mr. Chapman had quibbled in giving his evidence was deserving of notice, and the evidence itself was a confused mass, contradictory in its parts, and undeserving of credit. The evidence that had been given by Cole in respect to his having stated that the bankrupts must issue the warrants on their own responsibility, admitted of a satisfactory answer. Cole said he thus told the bankrupts about June, 1852. Now the warrants had all passed out of Gordon's possession before the end of the year 1851. Gordon did not recollect Cole making the remark, but if he had made the remark, the obvious interpretation would be that he held Gordon responsible not for the character of the warrants, but for the amount they represented. The Court would not, upon such a casual observation, if really made, fix Gordon with a guilty knowledge and complicity. The warrants being out of Davidson and Gordon's possession in 1852, why should Cole have made the remark that they (Davidson and Gordon), in 1852, would issue them upon their own responsibility? The

bulk of the warrants were, in 1851, in the hands of Messrs. Overend and Gurney, and the Court would not assume a guilty knowledge on the part of the bankrupts from the large amount that the warrants represented. Davidson and Gordon could not have derived any personal benefit from the issue of the warrants. Mr. Laing and his pamphlet had dug up Edwards, who, it was alleged, would prove the case against the bankrupts. So far from it, however, he rather proved the case in favour of the bankrupts. He had divided brokerage with them, and the whole tenour of his evidence was to show that the bankrupts were innocent of any complicity. Up to the present moment Mr. Edwards had the fullest confidence in Gordon. Mr. Lewis proceeded to quote a letter of the 28th of September, 1853, addressed by the bankrupts to Messrs. Overend and Gurney, as also a letter to them of the 10th of October, 1853, in which the bankrupts wished the sale of certain warrants to be effected. Would they have done that if they had possessed a guilty knowledge of their character? The warrants which they suggested should be sold represented goods which had been removed, and it was impossible that any one could arrive at the conclusion, after a perusal of those letters, that at the time they were written the bankrupts could have had a guilty knowledge. It was a fortunate thing for the bankrupts that they were able to produce these letters; and the Court would not, because the bankrupts laboured under a cloud of suspicion, do violence to the first principles of evidence by pronouncing them guilty of complicity. To refer to the alleged transaction of the 17th of October, as related by Mr. Chapman and Mr. Bois, he would candidly admit that if that evidence were received, he could not ask for a certificate. It would be like asking for the certificate of a spoliator and a robber. But the whole case was adverse to such a conclusion. If his client was the cold-blooded robber alleged, his case must fall to the ground. Mr. Chapman stated that on going through the list of the warrants, he had been struck with seeing the names of Messrs. Gregson and Co., whom he knew to be a leading firm in the City, and Mr. Chapman said that nothing could be wrong with those warrants, and that therefore Gordon said, "There is nothing wrong with the warrants, but the fact is, that I have shifted the copper." Mr. Chapman had first denied having reduced his balance against the bankrupts after the 13th of October, and it was not until Mr. Linklater had pressed him that he admitted having received £1660 from Messrs. Gregson as a margin on the copper in question. "Oh, yes," then said Mr. Chapman, in his bland way, "I did receive the £1660; but allow me to explain;" and he then lets Mr. Gordon into the hole. The only way in which Mr. Chapman could get out of the charge which Mr. Linklater made was by fixing upon the bankrupt this charge of the 17th of October. Mr. Chapman had been examined eight times without disclosing this alleged interview. At first he said he did not wish to volunteer a charge, and, next, that Gordon had provoked

it, and ultimately, when further pressed, he said Mr. Linklater had provoked it. Could the Court believe Mr. Chapman's own statement? If it did, his (Mr. Lewis's) client must be an uncertificated bankrupt for life. The observation which Mr. Chapman said he made on that occasion, "I will never breathe the air again with that man," was really dramatic, but notwithstanding that Mr. Chapman had refused to breathe the air with him again, he did not decline to discount his bills or receive his copper. (A laugh.) Mr. Gordon might have committed forgery in handing bills for discount, and he was not sure that that would not have been a less offence than the other. The only excuse Mr. Chapman could give for receiving the proceeds of the margin on copper, was to give this story, and state that the warrants he held were the warrants that represented the copper in question. But it had been clearly shown that the warrants he held had no reference to the copper in the hands of Messrs. Gregson and Co. A kind of fatality seemed to accompany Mr. Chapman's statements. If six questions were put to him it would be strange if, in giving his answers, he did not contradict himself three times. Was it likely that a man would, without solicitation, go and disclose to parties that he had robbed them? Mr. Chapman said the confession had occasioned a painful recollection on his mind, but he had not fully recollected it till a few weeks ago. The whole story had its origin in the natural confusion which was evidently part of Mr. Chapman's character, and owing to which natural confusion it could only be said that he had unintentionally mis-stated anything. He was like the mendicant who so often said that he was blind that he actually at length believed himself to be blind. (A laugh.) Mr. Bois, standing at the time at his master's elbow, had been forced by circumstances to corroborate his statements. The manner in which questions had been quibbled with by these gentlemen warranted these observations. Mr. Bois could not, however, at first recall the singular circumstance of Mr. Chapman saying he would never breathe the air again with that man. Fortunately, Mr. Bois had been examined before, and his evidence, as compared with his present evidence, was so at variance that the Court, having regard to all the circumstances, would, he was persuaded, have no difficulty in arriving at the conclusion that his (Mr. Lewis's) client was the witness of truth. He had said on one occasion that after the discovery of the 13th of October he had seen Gordon, who behaved like a gentleman, and he (Bois) treated him as one. If Bois could not recollect the transaction of the 17th of October a year and a-half after its alleged occurrence, how could he recollect it after the lapse of five years? It was to keep Mr. Chapman's reputation on its legs that this story had been invented. The evidence of the bankrupt was, as compared with that of Mr. Chapman and Mr. Bois, as light compared with darkness.

Mr. LINKLATER here remarked that Mr. Chapman must have been

telling an untruth if the warrants he held did not actually represent the copper referred to on the 17th.

Mr. Lewis proceeded to refer to the other charges against the bankrupts, and to contend that they admitted of satisfactory explanation as now given. After the bankrupts left the country, they had kept an account of every shilling they expended down to a sixpennyworth of brandy-and-water.

Mr. Linklater.—There were plenty of them. (Laughter.)

Mr. Lewis.—Then there were plenty of entries. The bankrupts had been hunted when abroad by Mr. Beard, under the pretence of watching them for the creditors, when his only object was to get a preference for himself. He had, however, since had occasion to go away from his creditors. The distillery, which had cost the bankrupts £206,000, had been torn down piecemeal, and sold for £8000, at a time when it was producing a profit of £20,000 a-year. The difference between the two sums of £206,000 and £8000 would pay the bankrupts' debts in full. Mr. Nicholson, the distiller, had said that having regard to the fact of the bankrupts having been admitted into the monopoly of the London distillers, their distillery was capable of producing a profit of from £20,000 to £40,000 a-year. The bankrupts' error had been over-trading. Their advances to Webb, and the discovery of their loss on Cole's warrants, had overwhelmed them. During the seven days next preceding their leaving the country they had paid away £15,000, as duly recorded in their books. This did not look like dishonesty. The bankrupts had, it was true, been convicted of obtaining goods improperly within three months of their bankruptcy; but if traders could be convicted on such evidence as had been adduced there was not one bankrupt in a hundred who might not be similarly convicted. It was not fair to worry and persecute the bankrupts after the punishment they had undergone. They had been put on their trial for almost every offence of which they were alleged to have been guilty, and the justice of the case would now be satisfied by a judgment short of the total refusal of their certificates.

His Honour.—I will give my judgment on Wednesday, the 5th of January.

THE *TIMES*-CHAPMAN CONTROVERSY,

ARISING OUT OF THE INVESTIGATION INTO THE AFFAIRS OF MESSRS. DAVIDSON AND GORDON AND MR. JOSEPH WINDLE COLE.

(*From the Times of December 18th*, 1858.)

Mr. David Barclay Chapman has addressed us a letter in explanation of the transactions of the great house of Overend and Gurney with the

bankrupt firm of Davidson and Gordon. It was quite time. We cannot afford that the commercial honour of our chief London establishment should be lightly canvassed, and that public opinion should remain undecided. It is well that we should be in a position to form a stable judgment; and that the public may be resolved either that the operations of Messrs. Overend and Gurney have been of a strictly proper character, or that they have been such as are repudiated and condemned by the commercial world. The case seems to have now arrived at a point where we may all form a definitive conclusion. In many numbers of the *Times*, and notably in those of the 8th and 16th of this month, the evidence of all the parties is recorded. In the letter we publish to-day, Mr. Chapman, the gentleman so grievously implicated as the managing partner in the censured firm, offers his own version of the transactions and his own explanation of the statements made in the witness-box. There is no reason to suppose that any after-proceeding can alter the facts as they now present themselves.

The story of the bankruptcy is as involved as the plot of one of Mrs. Radcliffe's romances; but if we clear away all the extraneous facts, and apply ourselves only to those which appear to incriminate the honour of the great city house, they may be stated within very reasonable limits. For this purpose we have to go back to the 17th of October, 1853. At this date Messrs. Overend and Gurney had advanced very large sums of money to Davidson and Gordon on the security of warrants for a certain quantity of spelter, supposed to be lying at a wharf known to both the parties. At the same time, as we read the case, Overend and Gurney were in this further position:—Relying upon the possession of the metal under the warrants, they had one month before sold in the market, for delivery on a named future day, a quantity of spelter equal to that which the warrants represented. So far everything was straightforward. Overend and Gurney had advanced money upon the security of goods, and they had contracted to sell those goods to repay themselves. But upon this 17th of October a very different state of circumstances was disclosed. On account of some suspicions, Mr. Chapman (whom we must throughout identify with Overend and Gurney, for he was the managing partner) said to Gordon, "I should like to go through your warrants with you." Gordon assented, and Mr. Bois brought in the parcel of warrants. "Upon turning them over," says Mr. Chapman in his evidence, "we observed three warrants endorsed by a most respectable house—Messrs. Gregson and Co. I immediately said, 'It is impossible there can be anything wrong with such warrants as these;' upon which Gordon said, 'No, there is nothing wrong with the warrants, but the fact is, I have shipped the copper.'" There is nothing ambiguous about this statement. It was as if A. had said to B., "You hold my cheque for £100; it is a capital cheque with a genuine

signature, and drawn upon a good bank, but the fact is I have just drawn out all my assets." There is no dispute at all as to the fact that both Chapman and Gordon on this 17th of October came to the clear understanding that those warrants were shams and swindles—that they were at best but like a duplicate bill of exchange after the first has been paid. Those warrants professed to give a title to goods expressed to be lying at Hagan's Wharf, and both Chapman and Gordon knew that no such goods were there. When this discovery was made, what did Messrs. Overend and Gurney tell Mr. Bois to do with those warrants, now detected to be fraudulent and lying papers? Forgery apart, they were as fraudulent as false notes or fraudulent money. A solvent commercial man must shrink from touching such things. There could be no compromise in a matter of this kind. No honest man could deal with a forged note or a fictitious warrant, knowing its true character, unless to destroy it. There were two courses of action which were compatible with honour. The amount of loss was so great that it might be dangerous to make it known even to such a house as that of Overend and Gurney; then burn the documents, terminate your connection with Gordon, and endure the loss. The delinquents are solvent as to the rest of the world. Keep your costly secret, and pay for it like honourable men. If this is too costly, then there is an alternative. Denounce the fraud at once, and fear not; break up this dishonest firm; it is your duty to take care that they do not acquire credit hereafter from smaller men by the idea that they are leaning upon Overend and Gurney. These appear to us to be the only two courses consistent with commercial honour or commercial honesty. There was one other course. It was to reissue these empty paper falsehoods with the names of Overend and Gurney upon them, and to retard the detection of Davidson and Gordon until more victims had fallen into their snares, and perhaps their estate might be better worth dividing. Such a suggestion, we grant, is fit only for Petticoat Lane. It is impossible that such a thought could pass through the mind of an English merchant. Yet, unless we entirely mistake the evidence, this was what Messrs. Overend and Gurney did. Mr. Chapman, who tells us that he would not "defile himself" with a distillery, did defile himself with these false warrants. We should like to have a photograph of that first-rate City man, when he handed over those orders upon Hagen's Wharf for goods which he knew not to be there. He had sold the goods, and he had received the money. At the specified time, instead of revealing to the buyers the fraud that had been practised upon him, he in his turn practised the same fraud upon them—he handed over to the buyers of those goods those fictitious warrants. This, again, is not a disputed fact; Mr. Chapman says, "The purchaser of our warrants never became aware that they were of so doubtful a character." Mr. Linklater then asks, "Was not your object,

in the mode in which you carried out this transaction, to conceal from the purchaser the fact that the warrants which he held were of a fictitious character?" To this very pertinent question Mr. Chapman returned this very significant answer—"*I really must decline to answer that question.*" The witness's objection was allowed—no man is by our law compellable to incriminate himself. But Mr. Chapman intended to procure the goods elsewhere, and thus complete his contract. Of course he did. So also, in all probability, did Cole, and so also did Davidson and Gordon. But let us suppose—and we must try great houses by the same rules as we try little houses—that between the issue of these false warrants and the obtaining the goods to meet them, Overend and Gurney had become insolvent. What difference would there then have been between Messrs. Overend and Gurney and Messrs. Davidson and Gordon? We may be told that the supposition is impossible. Granted; but the mere capacity to indemnify parties against loss does not justify, either legally or morally, the act of issuing false securities. The moment those false warrants had been issued by Mr. Chapman as substantial securities, Mr. Chapman was guilty of a false pretence. His intention was not to defraud the parties, but only to deceive them; but that is the case with nearly every man who does a wrong act. The only difference is that Mr. Chapman was able to make up his deficiencies, and your ordinary criminal defaulter is not. The consequences, however, were as disastrous to innocent parties as if Mr. Chapman had not been able to fulfil his engagements. The purchasers of the spelter got their goods and were satisfied, but other people, relying, as they affirm, upon the notorious relations between Overend and Gurney and Davidson and Gordon, trusted the fraudulent firm, and fell with them in their inevitable crash. The fact, we fear, is beyond denial that this great firm, having fallen in with swindlers, and having discovered their frauds, did not denounce those frauds, but used the instruments of the swindlers, and so far acted in complicity with them.

To all these facts Mr. Chapman offers the defence which we print elsewhere. Every reader will give to it the weight which he may think it deserves; but to us it appears to be no defence and no denial. It is a question of morals and of honour, and Mr. Chapman pleads that his firm lost more than £126,000. Again it is a question of morals and of honour, and Mr. Chapman pleads that "its magnitude took it out of all ordinary course of proceeding." We can make allowances for the necessities of struggling men; but we have here to deal with a star of the first magnitude. We must believe that to Overend and Gurney the loss of a sum under £200,000, entering, of course, as it must, into the average of their calculated losses, could excite no more anxious feeling than vexation. In speaking of such men as these, we do not understand the argument which puts commercial rectitude in one scale and gold in another. We cannot

admit, that because a large sum was at stake, this house was justified in confederating with swindlers in the circulation of false securities. We cannot allow that the laws that protect property do not apply to very large transactions, or that magnitude in the operation converts wrong into right. The little episode of the distillery may excite disgust, and can only serve to keep alive the sentiment of suspicion against lofty professors which has not been suffered to sleep since Sir John Paul's case first aroused it. There is something dramatic in the comicality of Mr. Chapman selling these fictitious warrants, and starting at the idea of "defiling himself" with a distillery. We mark the progress of the scene wherein the distillery is valued, its probable profits are noted down, its title-deeds are handed over, "to see what the lawyers can make of them," to the moment when the fact comes forth that the money-profits of this gainful traffic cannot be secured without the house of Overend appearing as the ostensible workers. Then, for the first time, Mr. Gurney starts up, and, full of indignation, declares that he would not do this great sin, or scandal, to recover every shilling of his money; for the sale of English gin is so much more defiling than the sale of fraudulent and worthless securities. The whole story resembles nothing but some touches in *Molière*. Such doings by such men do not give us much inclination to laugh; otherwise nothing could be more ridiculous than these conscientious capitalists straining at the gnat while the hump of the swallowed camel is protruding under their waistcoats.

Letter referred to in the preceding leader:—

To the Editor of the Times.

Sir,—As my name has been injuriously mentioned in connection with this case, and, as my position before the Court as a witness only did not admit of my making the statements I could have desired, I hope you will allow me a space in your columns to make the following remarks:—

1. With reference to our loss by Cole, it might be supposed that it resulted in only £5000 or £6000, whereas, the actual sum was more than £126,000; for, though we carried to the credit of his account current Davidson and Gordon's note for £120,000 (because we could not bring it into affairs without so doing), his indebtedness to us was not thereby reduced, though the form was changed, as he remained equally liable by his endorsement on it; and having thus brought it in, it became necessary, when making up his account current, that we should compute interest to the credit, as the note carried interest to the debit.

The note itself was never out of our possession, or made use of in any shape or form, excepting for production in courts of law.

2. As to the *impression* which Cole has stated he was under, that we intended to take the distillery at £120,000, it was a most erroneous one,

for such an idea never entered our minds. It seems to have arisen from my asking him whether he would be perfectly solvent as regards his other creditors if the £120,000 which he had abstracted from us, and lent to the distillery, were not pressed against him, and to which he replied that he was abundantly solvent, confirming the same by his late evidence, that he was at that time worth £150,000. A good deal of mystery which has surrounded the lease has been cleared up by its having lately transpired that our solicitors, under a misinterpretation of instructions, when the papers were given to them to see "what they could make of them," actually prepared a draught of a mortgage without our privity, and in doing so had to communicate with Cole, which, no doubt, led him to suppose we were going to take one; but when they came to make their report to us, and stated that no mortgage could be available without the premises were entered upon, and the business worked, they were stopped *in limine* by my late partner, Mr. Gurney, who declared that nothing should induce him to do it, and the subject was never referred to afterwards.

3. As to any subsequent transactions with the parties, we never had any that could in the slightest degree give them a credit in the commercial circle, and I believe I may say there was not one which had not some reference to outstanding affairs.

The amount received by us by voluntary payments from Cole does not amount on our claim to the sum which his other creditors have received under his bankruptcy, so that in this respect we have had no advantage over them. And, as regards their new creditors since 1853, much as we lament their loss, we cannot take blame to ourselves, as, leaving out our large claims on the parties, their solvency could not be doubted; in fact, to this moment I cannot understand how they can have got rid of the enormous sum derived from us.

It is a satisfaction to us that no case has appeared of loss by any new advance on Hagen's warrants since October, 1853. It was most painful to us not to divulge the fraud under which we were suffering, but its magnitude took it out of all ordinary course of proceeding, and compelled us to have consideration for our own position with the public.

I remain, sir, your obedient servant,

December 16. D. B. CHAPMAN.

(*From the Times, December* 20, 1558.)

When Mr. David Barclay Chapman sought the use of our columns to explain his relations, and those of the house he represented, with the firm of Davidson and Gordon we had a right to conclude that he submitted the affair finally to the judgment of the public. He had made his statement on oath in court, and he had added his commentary in this journal. Having

deviated from the ordinary course of merely reporting the case, and having permitted Mr. Chapman to give his own interpretation of the proceedings, it became our duty to review those portions of the evidence which applied to the issue Mr. Chapman had raised, and to record our impressions upon the judicial facts then patent before the world. Perhaps we were a little premature so far as the interests of other parties are concerned. Mr. Gordon's solicitor informs us, in a letter printed elsewhere, that Mr. Chapman's statement is to be contested hereafter, and if we had been aware of this we should probably have delayed the publication of Mr. Chapman's letter until the whole investigation was completed. We should also, of course, have deferred our own comments. But, so far as Mr. Chapman is concerned, it is not suggested that he has not put before the world all that he is desirous should be read. In choosing our time and opportunity we may possibly have done Mr. Gordon some wrong, but we have done none to Mr. Chapman. It was his appeal to public opinion which called forth our comment.

Of that comment Messrs. Overend and Gurney and Mr. Chapman now complain. Mr. Chapman, it will be seen, accompanies his complaint with a threat of legal proceedings. This part of the matter must be left, if the occasion should ever arise, to the verdict of a jury. No one is so silly as to suppose that we can be deterred by any such threat from doing that which we believe to be legally right and morally obligatory, and no one will imagine that we record any imputation upon the commercial honour of a conspicuous merchant without reluctance, or would not repair any error on such a subject with prompt alacrity. But it is not we who accuse Mr. Chapman. We have not stated a single fact against him. We have no private knowledge of the affairs of Messrs. Overend and Gurney. All we know of them is from the evidence given in court. It is not the *Times*, but it is Mr. Chapman, who makes assertions against Mr. Chapman, and he makes those assertions upon oath. We were careful not to form our judgment upon the evidence of the other witnesses in the case. We took Mr. Chapman's own words, and we quoted them. He has never hinted an objection to the correctness of the report. He has even confirmed it as accurate by commenting upon it without taking exception to it. The only question is, whether the evidence does, or does not, disclose a moral wrong. We must now, in our own justification, more largely reproduce those portions of Mr. Chapman's evidence which determined the judgment we formed on that issue. In Mr. Chapman's examination on the 7th inst., he says:—

"On the 17th of October, after the discovery of the fraud, up to which time we had no reason whatever to allege any moral delinquency against Mr. Gordon, because Mr. Cole had taken that entirely upon himself, Mr. Gordon called at our office, and I said to him, 'I should like to go through

your warrants with you.' He assented, upon which I called Mr. Bois, who brought a parcel of warrants. Upon turning them over, we observed three warrants endorsed by a most respectable house—Messrs. Gregson and Co. I immediately said, 'It is impossible there can be anything wrong with such warrants as these; upon which Gordon said, '*No, there is nothing wrong with the warrants, but the fact is, I have shipped the copper.*' *I was shocked.* He stood before me in a different light, and has done from that moment, and I immediately requested him to give an order on Gregson and Co. for the payment to us of whatever surplus might remain upon that. He sent the letter down within an hour afterwards, which we forwarded to Gregson, and that ends the whole transaction. I do not believe I have ever exchanged a single word with Mr. Gordon since, even by mouth or pen.

"Examination continued.—We traced the copper, and found Gordon had shipped it, and that he had given Gregson and Co. claims upon it.

"Mr. LINKLATER.—Did you *after the 13th of October*, 1853, discount bills for Davidson and Gordon?

"Mr. Chapman.—I think you must remember that I have answered that question elsewhere. We discounted some £70,000 worth of bills, in order to enable them to take up a loan which we made them on some shells.

"Mr. LINKLATER.—Did you on the occasion of those discounts retain on each transaction a considerable sum as against prior advances?

"Mr. Chapman.—Most distinctly not."

The examination then diverges to other matters; but the same subject is afterwards resumed. Mr. Chapman says:—

"We had sold a large quantity of spelter on the 27th of September, in respect of warrants deposited with us; the amount of the sale was about £8000, which had been effected through our broker. After the discovery of the fraud we found we had not spelter sufficient to enable us to perform that contract. I believe the quantity of spelter we had sold was 400 tons. We sold it on the 17th of September, long before we had discovered the fraud.

"Mr. LINKLATER.—Did you not know at the time you delivered those warrants that, but for the assistance of Cole, you would not have sufficient spelter to meet them?

"Mr. Chapman.—Most certainly. But we knew nothing at all about it till after the discovery of the fraud.

"Mr. LINKLATER.—Did you advance money for the purchase of spelter to enable you to complete that contract?

"Mr. Chapman.—I must explain that, if you will allow me. I may be too anxious to speak most accurately, and appear confused, but I think I am perfectly clear, and I shall be happy to tell you all about it. *When*

these warrants were applied for by the parties of whom we received the money, it appeared there was not a sufficient quantity of spelter on the wharf to satisfy them. There were only eighty-two tons. Mr. Cole sent his clerk to inform us that he could not supply the spelter unless we paid him £15 a ton, because he had abstracted the spelter and borrowed £15 a ton upon it. We said we would have nothing to do with Hagen's Wharf, but *if he would bring our warrants, with the parties' receipt upon them whose money we had obtained, we would pay the* £15 *a ton.* We did not pay the money *until the warrants were returned to us. The purchaser of our warrants never became aware that they were of so doubtful a character;* but you will find from Mr. Tooney's evidence that they were constantly delivering spelter in this way at that wharf.

"Mr. LINKLATER.—Was not your object, in the mode in which you carried out this transaction, to conceal from the purchaser the fact that the warrants which he held were of a fictitious character?

"Mr. Chapman.—*I really must decline to answer that question.* I only know the object was to fulfil our contract with the man whose money we had received."

This is the evidence upon which we formed our opinion that Mr. Chapman, acting for Overend and Gurney, did pass away for valuable consideration warrants which he knew to be of a fictitious character. If language has any meaning, the evidence we quote must bear the meaning we have affixed to it. It may be all a mistake. Mr. Chapman may have mistaken the facts, but certainly Mr. Chapman is his own accuser. We ask any commercial man in the world to read this evidence and our comments upon it, and to say whether he does not assent to every word we have written.

Now, however, Messrs. Overend and Gurney write, "None of the warrants alluded to ever left our possession after the discovery of the fraud;" and Mr. Chapman writes, "We never did issue a single one of the fraudulent warrants after the discovery of the fraud." If this be so, we have no more to say. The evidence upon which we commented was a myth. But is this so? We do not, of course, suspect these gentlemen of making any disingenuous distinction between any one class of fraudulent warrants and any other class. We take it that they, in an unqualified manner, deny that they ever did issue to parties for a money consideration warrants which they knew to be fictions, or that they ever, after such knowledge, suffered them to remain out as securities for money which they had received. We read this denial, and we re-read Mr. Chapman's evidence, but we are without any means of deciding which we are to credit. We must believe that there is some means of reconciling Mr. Chapman in the witness-box and Mr. Chapman writing to the *Times*, but the task is beyond our powers. We must leave it to Mr. Chapman and the public. We will only say that, if it be possible to render to the world any explanation which shall remove this

great commercial scandal—a scandal which is not of our creation, but which has risen up in our law courts—it would be a great satisfaction to us and to all classes of commercial men. We all have a common interest that such a house as that of Overend and Gurney should be able thoroughly to vindicate its commercial honour.

Letters referred to in the preceding article :—

To the Editor of the Times.

Sir,—Allow me to say that the injurious article which you have written in your impression of this date, is founded entirely on a misunderstanding of the evidence.

We never did issue a single one of the fraudulent warrants after the discovery of the fraud, but adopted precisely the course which you say we ought to have done—by determining that on no consideration would we ever part with a warrant that had been deposited with us by Cole and Gordon; and they remain with us to this day.

As to the 400 tons which were delivered at Hagen's Wharf, the warrants for these were issued and the money received for them some time previously.

It appears from the evidence of the wharf porter that there was nothing new or uncommon in the deliveries from Hagan's Wharf, but that shipments thence were large and frequent; and nobody has pretended to say that they have been misled by such delivery having taken place.

I quite agree with you that the amount involved does not affect the moral consideration, nor was it referred to by me with any such object, but simply to confute the impression which was endeavoured to be conveyed to the public, that we had escaped nearly scatheless.

I trust to your sense of justice to insert this in your next publication.

I remain, sir, your obedient servant,

December 18. D. B. CHAPMAN.

To the Editor of the Times.

Sir,—Since writing to you my letter of the 18th inst., I have been advised that the article therein referred to is of so libellous a character as to justify legal proceedings against you; and I feel that I have no alternative but to adopt such a course for the purpose of vindicating my character, which has been so wantonly, and, as I shall be prepared to prove, so unjustly assailed.

I shall forthwith instruct my solicitors to commence such proceedings, unless an immediate and satisfactory retractation be published in your journal; and under these circumstances I beg to withdraw my letter of the 18th inst., or should it already be in type in your columns, to request that you will append this to it.—I remain your obedient servant,

December 19. D. B. CHAPMAN.

To the Editor of the Times.

Sir,—Referring to the charge against us in your article of this date, respecting our transactions with Davidson and Gordon, we must request that you will allow us, through your columns, to give it the most unqualified denial, as none of the warrants alluded to ever left our possession after the discovery of the fraud, and they are still in our safe; and, further than this, our late partner, Mr. Chapman, gave the strictest instructions to his junior partners upon no consideration to part with any of them, even should Cole offer the bank-notes for them, as he would not have it said that we had reduced our debt to the prejudice of others.—We remain yours respectfully, OVEREND, GURNEY, AND CO.

Lombard Street, December 18.

To the Editor of the Times.

Sir,—I trust to your sense of justice to insert this communication upon the subject of your leading article on this case. That article assumes the guilt of Messrs. Davidson and Gordon, and as neither of the advocates of the bankrupts has yet been heard, it is not too much to ask both the public and yourself to suspend their judgment till the case is finally closed. At present the case has been so overlaid with extraneous matter, that it has assumed rather the shape of an indictment against Mr. Chapman than an inquiry into the propriety of granting the bankrupts their certificates. With regard to the charge, made against the bankrupts, of complicity with Cole in issuing fraudulent warrants, or in rendering good warrants worthless, I trust I may be allowed to say (having heard every word of the evidence), that if the bankrupts are to be tried upon the testimony adduced, they can look forward with confidence to an acquittal. Your article also assumes that the interview of the 17th day of October is a proved or admitted fact.

Not only is the fact of the interview on the 17th of October denied upon oath by Mr. Gordon, but also the conversation spoken to by Mr. Chapman. You will not have failed to notice, that this most incriminating statement is made for the first time by Mr. Chapman on his ninth examination, and that it was then brought forward to excuse and account for his receipt of a considerable sum of money, which it is suggested he never would have had, or been entitled to, had he taken a proper course on the 13th of October, 1853, when Cole admitted that he had made the warrants worthless by removing the goods represented by the warrants.

The steps which have been taken to trace the particular transaction with Gregson and Co., referred to in the alleged conversation, have resulted in the most clear and convincing proof that Mr. Gordon never could have made such a damaging charge against himself; for it was totally untrue that the copper shipped through Gregson and Co. was the same as that represented by the warrants held by Mr. Chapman. It agreed neither in

description nor in quantity with that mentioned in the warrants, and is proved to have been shipped direct from the warehouse in Cousin Lane into Joyce's lighter (Messrs. Gregson's lighterman).—I remain, sir, your obedient servant,

CHARLES E. LEWIS,
Solicitor for C. W. Gordon.

6, Old Jewry, Dec. 18.

To the Editor of the Times.

Sir,—My attention has been called to the statement of Mr. Cole, of my having advised that wharfingers' warrants were mere waste paper.

My advice, which was given at the end of September, 1853, was that these warrants had not the transferable character of bills of lading, so as to pass the property in the goods they purported to represent by mere endorsement and delivery of the warrants; but that the purchaser should get the transfer entered in the wharfinger's books, or something should be done tantamount to delivering possession of the goods; adding that in the event of bankruptcy of the person transferring the warrant, the goods, being allowed to remain in his name, would pass to his assignees.

I had no knowledge or suspicion of any kind that goods had been severed from warrants purporting to represent them, or that anything was wrong respecting any warrant, until after Davidson and Gordon's bankruptcy in June, 1854.—I am, sir, your obedient servant,

1, Circus Place, Finsbury Circus, Dec. 16. ARTHUR DIGBY.

(*From the Times, December* 21, 1858.)

We yesterday encouraged Mr. Chapman to offer any explanation which could clear him of the imputations cast upon him by his own evidence in the Court of Bankruptcy. To-day he accepts our overture. For the first time he impugns our report, and insists that the very important word "not" has been omitted in one of his answers. The error, if it be an error, is not without its importance, for it tends to show that Mr. Chapman, at the time he *issued* the warrants, was not aware of their being fictitious. The *Morning Herald* and the *Morning Post* concur in the following version of this part of the examination. Mr. Chapman being in the witness-box, the examination proceeds as follows:—

"Mr. LINKLATER.—Did you not before the 17th of October discover that there was not a sufficient quantity of spelter to fulfil the contracts?

"Witness.—It was not until some days after the 13th of October we discovered that the warrants were not represented by spelter, and the whole amount of spelter at the wharf was only 82 tons. We told Cole whenever he brought the warrants back we would pay £15 per ton, and we did pay Cole £15 per ton on 300 tons and upwards.

"Mr. LINKLATER.—Now, did you not pay the money in order to get back those fictitious warrants?

"Witness.—No; we would not pay the money until the warrants were restored to us.

"Mr. LINKLATER.—Who delivered the spelter?

"Witness.—We delivered the spelter in order to fulfil our contracts?

"Mr. LINKLATER.—In fact, you enabled Cole to deliver the spelter?

"Witness.—The understanding was that Cole was to have £15 per ton when we got back the warrants.

"Mr. LINKLATER.—Was not your object in acting as you did so that the purchasers might not know that the warrants were fictitious?

"Witness.—Our object was to get back the warrants to complete our contract.

"Mr. LINKLATER.—I am very sorry to tell you, Mr. Chapman, that your answer is neither candid nor straightforward. I ask you again, in the presence of the Court, was not your object, in getting back those warrants, to conceal from the purchasers their fictitious character?

"Witness.—My answer is, that we were bound to fulfil the contract into which we entered, and to do so we must get back the warrants.

"Mr. LINKLATER.—I say again that that is no answer, and I now put the question for the third time—Was not your object, in the mode you took of carrying out that transaction, to conceal from the purchaser the knowledge that those warrants were fictitious?

"Witness.—I decline to answer that question. We wished to fulfil the contract, and I have stated so.

"Mr. LINKLATER.—If you decline to answer the question, then I am quite satisfied."

Upon collating this with our report, it will be seen that there is a variance. According to our contemporaries' report, Mr. Chapman stated at the time of the issuing of the warrants he was not aware of their fictitious character. The fact, then, would appear to be reduced to this—that, having unknowingly issued fictitious warrants, and having subsequently become aware of the character of those documents, Mr. Chapman appears, from his own evidence, to have taken no steps to inform the parties who held them of their real character—that he suffered them to hold for money which they had paid to Overend and Gurney securities which they believed to be substantial, but which Overend and Gurney knew to be worthless.

Our invitation to Mr. Chapman was to deny explicitly that "he ever did issue to parties for a money consideration warrants which he knew to be fictitious;" or, secondly, "that he ever did, after such knowledge obtained, suffer them to remain out as securities for money which they had received." The first denial has been given, and we withdraw any imputation that might have existed in its absence; the second has not been given, and that question remains precisely as it was. We hope to receive yet another communication from Mr. Chapman, wherein he will

successfully show that immediately he discovered the character of these securities, he revealed the fact to the holders of them.

Letter referred to in the preceding leader :—

To the Editor of the Times.

Sir,—It is not difficult to explain what has appeared to you inconsistent between my letters and my evidence. It arises chiefly from misquotations by you of the latter. In your extract you make me to say, in answer to Mr. Linklater's question, "Did you not know, at the time you delivered those warrants, that but for the assistance of Cole you would not have sufficient spelter to meet them?"—"*Most certainly.* But we knew nothing at all about it until after the discovery of the fraud." Whereas my answer was directly to the contrary—viz., "Most certainly not; we knew nothing at all about it till after the discovery of the fraud," as appears by the short-hand writers' notes, and signed depositions.

Again, the transaction referred to in the first part of your extract had no connection whatever with the one mentioned in the latter part, though you connect them.

The former relates to some warrants for *copper*, endorsed by Gregson and Co., which formed the subject of my interview with Gordon on the 17th of October. These warrants have never been out of our hands, except for production in courts of law.

The latter refers to the 400 tons of *spelter* which we sold, and received the money for at the time we delivered the warrants for it—viz., on the 5th and 11th of October—before we had discovered the fraud, which was on the 13th of October. These warrants we required to have returned to us after the purchaser had received the spelter for them, in order that we might be satisfied that our contract had been fulfilled, and to prevent the possibility of their ever being reissued, and hence they remain with us to this day.—I remain, sir, your obedient servant,

Dec. 20. D. B. CHAPMAN.

P.S.—You have also again misquoted the amount of bills discounted for Davidson and Gordon as "£70,000," instead of "£7000" only.

To the Editor of the Times.

Sir,—I hate controversy at all times, and most certainly in my present position I have no desire to enter upon one in your columns, but the frequent references therein of late to my name, compel me to request of you, in common fairness, to announce that my silence must not be misconstrued into inability to answer and to refute any statement from any quarter impugning my evidence where correctly reported.

Permit me to add that many gross calumnies have previously, from time to time, been circulated against me, while I had no opportunity of

answering them. When (as I hope shortly to do) I can obtain that opportunity, I shall not be found to neglect it.—I remain, sir, your very obedient servant,

15, Broad Street, Dec. 20. J. W. COLE.

(*From the Times, December* 23, 1858.)

We publish in another column a fourth letter from Mr. D. B. Chapman, and we may now congratulate ourselves upon having induced this gentleman to follow up his first volunteer explanation by others which are more explicit, and in some respects more satisfactory. The first commercial establishment in the City of London has been compelled, by a very general feeling, of which we were only the exponents, to appear at the bar of public opinion, and offer an explanation of transactions which appeared to be of a most questionable character. We are bound to say that certain inferences which seemed to arise naturally from the evidence, have been disproved. Messrs. Overend and Gurney did not issue the fictitious warwants knowing them to be fictitious; and after they had become aware of the fraud committed upon them by Davidson and Gordon, they did not discount for that firm £70,000, but only £7000.

On the other hand, Mr. Chapman's letter, which requires some study, does not seem to us to aver that Messrs. Overend and Gurney took any immediate steps to get back into their hands the fictitious warrants which they had unwittingly sold. If we rightly read this letter, there existed some interval of time, during which Messrs. Overend and Gurney were aware of the character of the warrants they had sold, yet made no attempt to get them back from the purchasers until the purchasers themselves put the warrants in action. How far this was right or wrong, we leave commercial men to judge. It seems to us that if we had accidentally passed a forged £10 note, and discovered the fact, we should not have waited until the party came to us; even if we desired to shield the forger, we should at east feel bound to seek out the unconscious holder of the base instrument, and offer him back his money. But there may possibly be differences between a fictitious warrant and a fictitious bank-note, which we cannot appreciate. The third point, however, is without any ambiguity. This great commercial house, having discovered that a firm with which they had relations had been committing frauds to an immense amount, did not denounce those frauds and stop the action of that firm, but allowed it to continue doing business, and sustained it for a season by a discount of £7000. Mr. Chapman, in his volunteer letter of the 16th inst., explains this matter thus—"It was most painful to us not to divulge the fraud under which we were suffering, but its magnitude took it out of all ordinary course of proceeding, and compelled us to have consideration for our own position with the subject." When we took exception to what we

hought the bad morality of this excuse, Mr. Chapman further explained in his letter of the 18th inst., "I quite agree with you that the amount involved does not affect the moral consideration, nor was it referred to by me with any such object, but simply to confute the impression which was endeavoured to be conveyed to the public, that we had escaped nearly scatheless." Again we leave it to the reader's judgment to say how far these two passages are consistent. The facts of the concealment of the fraud, and of the pain Messrs. Overend and Gurney felt while concealing it, are, however, placed beyond all dispute.

This matter has now been so elaborately discussed that every man whom it may interest has all that can be said upon it before him. We do most unfeignedly regret that the occasion for the discussion ever arose, but having, through much difficulty and some error, at last evolved an explanation, we think it will be generally admitted that it was not unneeded, and that the discussion is calculated to produce a healthier atmosphere where some ventilation was required.

To the Editor of the Times.

Sir,—It is a satisfaction to me to find that you withdraw all imputation with regard to the first point between us; and as to the second, for which you express a hope to receive a further communication from me, I beg to state that it was not till some days after the discovery of the fraud that we were informed by Cole's clerk that the spelter for which we had sold and delivered the warrants previously (believing them to be perfectly valid) had not till then been applied for, but that the purchasers were requiring it. He further stated that there were only about 80 tons on the wharf, but that they could deliver the remaining 320 tons on our paying £15 per ton for it.

This we declined to do till the warrants were returned to us for the due delivery of the spelter. We then paid the £15 a ton and recovered the warrants, which remain with us still, and Overend, Gurney, and Co. were thus the only sufferers by the transaction.—I remain, sir, your obedient servant,

D. B. CHAPMAN.

Dec. 22.

I shall be obliged by your inserting this in your next publication, as I was prevented writing yesterday.

(*From the Times, January* 6, 1859.)

To-day it becomes our duty to report the judgment of Mr. Commissioner Goulburn in the case of "Davidson and Gordon." This case has now been decided; the certificate has been refused upon grounds which all who read the judgment must recognize as abundantly sufficient, and protection has been granted upon considerations which are rather senti-

mental than legal, but which, upon the whole, are, perhaps, not unreasonably indulged. The bankrupts were great sinners, but they had suffered grievous punishment. They have undergone enough to serve the purpose of a great commercial example. They will scarcely be able again to raise £370,000 upon fictitious warrants, and they may perhaps live and prosper to illustrate by a different line of conduct the truth of that waning proverb current among the grandfathers of the present generation of City men, that "honesty is the best policy."

But it is not upon the fate of Cole, or Davidson, or Gordon, that the interest of commercial men was fixed. It was the collateral issue that arose during this inquiry which made it a *cause célèbre*. That a firm should commence with little capital and should break, should rise up again upon the ruins of its former failure, and, after expanding into great magnificence, should again collapse, is not so unusual an occurrence as to excite great attention. Even frauds to vast amounts must sometimes succeed, and a lucky pickpocket may now and again creep into the golden sanctuary of commerce and come forth a millionaire. We defend ourselves as we may against vulgar thieves, or we make an average of our losses from such causes and set them off against our profits. But here, to the surprise of the whole commercial world, a suspicion arose against the commercial honour of the very first monetary house in London. It ought to have been impossible; it was so improbable that people could not be brought to read the evidence; the imputation was absurd. So we also thought until the facts became too patent. But, at last, through all the mystery—through all the industrious complications of facts and dates and sums and names—it was but too evident that there really was something wrong. It was a hard thing to believe. You may easily come to think of a man in the same rank of society with yourself that he has done something in bad taste or in bad morality, but you do not easily admit the idea that he has done anything which a judge could characterize as a criminal act. But, the facts once made plain, the duty becomes obvious. There are some rare occasions when a voice which knows neither fear nor favour is required to give sound to a million unuttered thoughts.

We have had to defend ourselves before the public against charges of undue severity brought against us by Mr. Chapman. The office of public prosecutor against an individual is always most unpleasant, and any suggestion of having made a voluntary step beyond the bounds of duty, and of having exercised unreasonable severity, is an imputation very painful to undergo. We beg attention, therefore, to Mr. Commissioner Goulburn's judgment in this day's paper. All that we have ever said is as milk and honey compared to that which the judge, speaking with the responsibilities of his station strong upon him, has enounced from the judgment-seat. The press has chastized with whips, the bench has

scourged with scorpions. Mr. Goulburn treads the ground with a firmer step than we could, for he has the advantage of having heard all the evidence and read all the documents, and he is in possession of minute details and of recollections of the manner of witnesses, which could not be portrayed in a report. His judgment upon the bankrupts very judiciously tempers justice with mercy; his observations on the conduct of Mr. Chapman will commend themselves to the common sense of every one who has read the evidence.

COURT OF BANKRUPTCY, *Basinghall Street, January* 5, 1859.
(*Before Mr. Commissioner* GOULBURN.)

IN RE DAVIDSON AND GORDON.

To-day judgment was given in this important case on the question of certificate.

His HONOUR said—I am now to give the judgment of the Court upon the question which the bankrupts have brought before it—namely, their right to a certificate of conformity in bankruptcy. This case has occupied a very considerable portion of the time of the Court, and a vast body of evidence has been taken on it; but long as it has occupied, and great as has been the cost, I do not think either time or money has been misspent. The case is of great importance, not only to the debtors, Davidson and Gordon, but also, as it seems to me, to the trading community at large; indeed, I have not yet, in the course of my experience, adjudicated in any case of greater importance. I must state in the outset, before going into the evidence, that this case has completely satisfied my mind—if ever I had any doubt upon the subject—that these public inquiries result in a great benefit to the community. They are of importance not only to the debtor, because if a debtor has conducted himself properly, the public investigation of his conduct induces a favourable feeling towards him, and he leaves the court without any imputation; but it is of equal importance to the creditors, and it is a mistake to suppose that these investigations concern only the bankrupt. This case shows that public inquiries of this description concern others very much, and that it is quite right and proper that those persons who have had dealings with the bankrupt should have their conduct submitted to searching investigations quite as much as that of the bankrupts. Formerly—long after I became acquainted with the administration of the bankrupt law, which now covers a period of nearly forty years—the mode of proceeding with respect to certificates was quite different. A man had then to seek his way to a certificate by creeks and corners—by getting his creditors, upon any motive, to sign his certificate in sufficient numbers to obtain it. The consequence was, that the conduct of a bankrupt was never fully and truly investigated; it was left to be discussed in the precincts of the Guildhall, or in the obscure holes and corners

of coffee-houses adjoining thereto. In those holes and corners only could the conduct of a failing trader be investigated, and the only mode of obtaining a certificate at the time of which I am speaking was to seek out the creditors individually. I think that everybody must admit that the alteration that was made about twenty years ago, bringing all proceedings under bankruptcy into open court, has been most advantageous. I am aware that this publicity is by no means popular; indeed, I think all the very many schemes of reforming the bankruptcy law have this object in view—to get back, if possible, to the system of private arrangement. Everybody will, doubtless, see that a debtor who has acted wrongfully desires to shun publicity in this court, where the misdeeds of individuals are, through the medium of the press, proclaimed far and wide; but I do not think the objection to publicity is confined to debtors. The real objectors are the creditors—creditors who have made large bad debts, and who are extremely loth to acquaint the public with the fact, and creditors who have in the contraction of their debts—as is sometimes the case even with those who stand highest—done something which will not quite bear the light, or in whose conduct there is some dark passage which they would rather have concealed. To such persons it is extremely troublesome to have to come forward, and in the witness-box expose the whole of such conduct. These are the persons who wish to shirk publicity; these, those who would exclaim, "Why not arrange the matter in private, where no person is present, and where there are no eyes upon us but those of the persons interested in the matter?" It is, therefore, I repeat, a matter of much importance that not only the conduct of bankrupts, but the conduct of creditors also, should be investigated and probed to the bottom. In the course of this inquiry we have had a merchant ranking among the first in position and importance in the city of London brought before the Court. This gentleman has been treated fairly—the same as any one else—but we have forced him to tell things which, as a great man, he would, I have no doubt, rather not have exposed before the public. I dare say that gentlemen in such a position as Mr. Chapman would say, "The sooner this publicity is done with, the better for all parties," but I must be permitted, before closing a very long career, and a very long acquaintance with the administration of the bankrupt law, to express my earnest hope that by the changes that are about to be made, the old system will not be revived, and my belief that the present mode of publicity is most beneficial, both to creditors, debtors, and the public generally. Having paid a high compliment to Mr. Hart, for the diligent and faithful manner in which he had discharged his duties as acting for Mr. Nicholson, the official assignee, and reporting upon cases that came before the Court, and expressed regret at his retirement, in order to take upon himself new duties, his Honour proceeded:—The report upon the case now under consideration is extremely

well compiled, and gives an account of such facts as are necessary for the guidance of the Court. The bankrupts, it seems, are both young men, extremely well connected, and persons who would feel with acuteness the punishment that they have endured—two years and ten months' imprisonment. That they have undergone most intense punishment, no one can doubt; but this case may, I think, be looked upon in another point of view—we may consider what the bankrupts would have suffered if the law had remained as it stood twenty years ago. The act of concealment of property alone would have subjected them to severe punishment, even if it had not placed their lives in jeopardy. I think they have no cause to complain beyond what they must feel, that gentlemen in such a position should so have subjected themselves to punishment. It seems that the bankrupts had been in trade, originally, under the firm of "Sargant, Gordon, and Co.;" that they failed, and paid a very inconsiderable composition—not above 2*s.* 6*d.* in the pound to some creditors, and more to others, which I call a disreputable arrangement, because every arrangement is disreputable where the debtor does not pay alike to all. Having so failed—in 1847 I think—in the year 1848 we find them again in business, and engaged in transactions of a magnitude that is really astonishing; indeed, it can hardly be believed that the transactions could have been so extensive. The bankrupts embarked in business without any real capital, £5000 being the outside of the amount they had, and how they obtained this does not appear. These gentlemen, just fresh from failure, rush into business, and we find them engaged in transactions to the amount of £100,000, £200,000, and £300,000 per year. One would naturally ask how it was possible that persons emerging from failure could obtain the necessary credit; one could not imagine how persons could have been found to trust them. The result in this case shows the evil effect of that mischievous system of trading without any capital to fall back upon. Here are men, with a capital of £5000, rushing into speculations amounting, in the course of one year and a-half, to no less than a million and a-half of money. What are the exact figures?

Mr. Hart.—In 1849, £82,000; in 1850, £270,000; in 1851, £500,000; in 1852, £598,000; and one-half of the year 1853, £492,000.

His Honour proceeded:—That is at the rate of £1,000,000 a-year for the last year. The result of this overtrading is not peculiar to this case; it accounts for nine-tenths of the misery and ruin which many persons have inflicted. But I must now advert to the case of Mr. Cole, who is so very much mixed up with these men that it is impossible to separate their cases, and Mr. Cole, singularly enough, was just in the bankrupts' position. Mr. Cole was a member of the firm of Johnson, Cole, and Co., and he failed about the same time as Sargant, Gordon, and Co. Cole, like them, failed disreputably; for when Mr. Linklater asked him what he paid his creditors,

he said, "A small dividend." Mr. Linklater says, "Did you give them anything?" "Why, yes," says Mr. Cole, "I gave them something." Mr. Cole, we find, soon begins to deal in hundreds of thousands, and, according to his own statement, made £120,000 in a few months; indeed, so good was his position, that he was enabled to make Mr. Chapman and his partners a present of £3000, by getting them, for £15 per ton, spelter for which they would have had to pay £20 per on. This is a very curious state of facts. Cole had no capital, not a farthing; he was an adventurer. What must this sort of trading be likened to? Why, simply staking counters against ready money. But what astonishes me is, not that they should get credit from other people, but that they should be assisted by such persons as Overend and Gurney. Mr. Chapman says Messrs. Overend and Gurney were creditors of the late firm of Sargant, Gordon, and Co. "Well, did you get anything?" was the question. "No," in effect, said Mr. Chapman in his *nonchalant* manner, "We scratched it out; we got rid of it, and then we trusted them again, and not only Sargant, Gordon, and Co., but Cole also." That seems to be a very extraordinary state of things. But it is necessary for persons in the position of Cole, and Davidson, and Gordon, having no capital of their own, to obtain money, and this is how they do obtain it—by discounting their bills, and by depositing as security certain warrants. These warrants, of which we have had so much to say, represented on the face of them a certain quantity of spelter, copper, or tin, as the case might be, and appeared to give to the person to whom they were endorsed the right of going to the wharf indicated in the warrants, and there obtaining the specified amount of metals; and so little doubt existed in the mind of the commercial world as to the validity of these documents, that they everywhere passed as good securities; they changed hands the same as bank-notes, were treated as security, and Overend and Gurney took from Davidson and Gordon no less than £220,000 of those warrants.

Mr. LINKLATER.—£370,000.

The COMMISSIONER.—I did not wish to overstate the figures. His Honour then gave an account of the form of the warrants alluded to in this case, and proceeded:—Now, would it be credited, that without inquiry at the wharf, the warrants should have been treated by merchants in the city of London as a valid security? The first inquiry is, "Are these warrants any security; are they quite safe?" Why, if Cole's plan of raising money upon them be correct, they are worthless, because Cole informs us he took a legal opinion upon the question, and he was advised that he had a right to withdraw the goods from the wharf, although the warrants were endorsed by the most respectable men in the City. But the question is, what will you do with the wharfinger? for it is a very serious matter to the wharfinger—he may be responsible. However, the wharfinger took a legal opinion, and he was told that Cole had been rightly advised, and that he

(the wharfinger) was to allow Cole only to remove the property. It is, indeed, most astonishing that such a proceeding should be permitted year after year for three or four years, and that the merchants of the city of London, having the means of inquiry at command, did not ascertain the fact. To resume the story: This person—Cole, and Davidson, and Gordon, were throughout acting in concert; nobody who has read these papers with the attention I have can doubt it; the bankrupts went on as long as they possibly could, and at last, when difficulties came upon them, what assets had they? They go forward until their bankers will lend them no more money, and then they resolve to depart the country—that is, they are fearful of an "extent" from the Crown, £7000 or £8000 being owing by them. Leaving England with bank-notes in their possession, they wander about the Continent, until at length, on their return to this country, they are arrested, and indicted upon several charges and convicted. I should mention that I do not consider that the bankrupts were discharged upon the indictment for surrender in such a manner as to justify me in taking that part of the case out of my consideration; it was an acquittal upon a formal objection, and not upon the merits. Upon the point of non-surrender alone I am compelled to refuse the bankrupts any certificates. I am of opinion, also, that the bankrupts have improperly concealed their property. The next objection to the granting of certificates is the transaction with Freeman and the Copper Company; and it appears to me that the bankrupts confessed to Mr. Vaughan that their conduct had been most wicked and improper; that while they had reported to him sales as made to others, they had, in fact, used the goods alleged to be sold for the purposes of the distillery. Mr. Vaughan, however, said that he "felt kindly towards them," and took securities from them for the deficiency, the result being that Mr. Vaughan lost £9000. What took place subsequently to the transactions resulting in this loss? On the 16th of February, 1854, a very short time before leaving this country, the bankrupts go and ask Mr. Vaughan to lend them £1500. He agrees to do so, and what do they give him? Why, one of these worthless pieces of paper—a warrant for 100 tons of spelter, which was non-existent. This is how the bankrupts treated Mr. Vaughan. I now travel to that part of the case which excites the most interest in the public mind—the dealing with the fictitious warrants, and the position of Mr. Chapman. Now, I could wish very much to be spared from expressing any opinion upon Mr. Chapman's conduct. Mr. Chapman is before the Court as a witness only, and I would wish to guard my own mind from entertaining any undue prejudice against him. It must be remembered that Mr. Chapman is under great disadvantages, and that he had scarcely the fair play to which a man who is sought to be inculpated is entitled. He was so scourged by Mr. Linklater and Mr. Lewis.

Mr. LINKLATER was sure the Court did not mean to say that Mr.

Chapman had been improperly treated upon examination; he (Mr. Linklater) had expressed a wish that Mr. Chapman's counsel should be heard.

His HONOUR.—I do not say improperly scourged; but I think no one would say that Mr. Chapman, between Mr. Lewis and yourself, was favourably examined. (A laugh.) I think you did your duty; no one could have done it better; but I never heard a more searching or troublesome inquiry in my life. I only wish to say that Mr. Chapman had not an opportunity of cross-examining witnesses, and that his counsel could not be allowed to address the Court in his favour. But I cannot shrink from examining Mr. Chapman's conduct in this way:—Mr. Chapman has now made a statement against the bankrupt Gordon in particular, which, if true, it is admitted would put Gordon out of Court. Mr. Lewis says that, if Mr. Chapman is correct in his statement that Gordon said to him on the 17th of October, 1853, "The warrants may be all right on the face of them, but the fact is that I have shipped the copper," he could not ask for a certificate. Mr. Lewis says Mr. Chapman may have been mistaken as to the day. But there could be no mistake as to what Gordon has told Mr. Chapman—that he had shipped the copper; and he could hardly be mistaken in what he said subsequently—that this came upon him so by surprise that he was shocked, and told Mr. Bois, his clerk, that he would never breathe the air with that man again; he called him, he thought, a thief, and said he had robbed him. It is a very remarkable fact that Mr. Chapman should, knowing the fact of this interview, have concealed it until he came here. Mr. Chapman has been examined eight times without saying one word of this important evidence. Why does he state it now? He states at first that he was never asked the question, and next that he was provoked to it. If this charge against the bankrupts had rested upon Mr. Chapman's own evidence, I should not, I think, have acted upon it at all. But I can only treat Mr. Chapman as any other witness. It is said, how can Mr. Chapman's story be credited, when it is clear that Gordon could not, on the 17th of October, 1853, have made the statement alleged? I have no doubt that Mr. Chapman so confused and mixed up the remarks that he made a mistake. But the question is, whether that allusion did not convey enough to indicate that Mr. Gordon had a guilty knowledge throughout; that is the point here, and my opinion is that he had such guilty knowledge—that he did, at that interview, leave the impression upon the mind of Mr. Chapman that the warrants generally had nothing to represent them. Mr. Chapman is partly confirmed by Mr. Bois, his clerk; and, although I know clerks will go a great way to support their employers, I find it impossible to make any imputation against Mr. Bois—a most respectable man—in this matter. It is said by the bankrupts that they had no guilty knowledge until the 13th of October, 1853. Can any one believe, who has been through the facts of this case—the close connection with Cole, the vast

amount of money and other transactions interchanged between the bankrupts and Cole—that Gordon was receiving these warrants time after time —£60,000 or £70,000 of warrants were lent to him, and he the intimate friend of Cole—without knowing the false character of these warrants? Let us see what the evidence is. The first witness is Mr. Edwards. His testimony is that he had had transactions with the bankrupts, and that they brought him a warrant and asked him to lend so much money upon it for Cole. The amount is lent. There was a stop on that warrant by Leo Schuster and Company, and Mr. Edwards could not get his goods. It was not a light matter for Mr. Edwards, for we find he talks of taking the bankrupts to the Mansion House. Gordon says, "Give me a little time." Mr. Edwards does, and they arrange to set that matter right. Gordon had thus, in July, 1851, his attention expressly called to the fact that these warrants were not to be depended upon. This being so would he not have said, "Mr. Cole, what is the meaning of this? I hope the warrants are all right." That circumstance confirms my view that Gordon must have known the character of the warrants. Again, there is the case of Mr. Stovell, the gentleman who had lost £8000 by the warrants, and who, on his examination, said, "The warrants have been my ruin, and I am sick of the matter." The date of this transaction is most important. Gordon was, after the 13th of October, 1853, found to be passing warrants to Mr. Vaughan—after the date when it was admitted he knew their character. I am, upon the whole, compelled to say that Gordon had a guilty knowledge. I arrive at this conclusion without Mr. Chapman's evidence. His Honour then proceeded to refer to a letter written by Mr. Gordon to Mr. Chapman, complaining that he had disposed of, or was about to dispose of, certain warrants without his consent, and continued:— Mr. Chapman must, on the 17th of October, 1853, have had a suspicion that all was not right. If the warrants could be passed by endorsement, where was the necessity for Mr. Chapman to obtain Mr. Gordon's assent before disposing of them, unless there had been some promise that he would not part with them without giving notice? Mr. Chapman appears to have, subsequently to the 13th of October, taken advantage of Cole to get spelter at £15 a ton, in order that the purchaser from him (Chapman) might not know of the fraud; this is one of the dirtiest parts of the transactions. Mr. Cole had been the tool of Mr. Chapman, and Mr. Chapman says to him, "You must let me have at £15 per ton that which would cost elsewhere £25 per ton." Cole, upon being asked whether he was in a position to make Mr. Chapman a present of £4000, replied that he was, and that he did make him the present. I think this is a very unprecedented transaction; it appears to me to be what the French would call *petitesse*, or what we should call petty larceny. I think it was a very shabby proceeding, to go to Cole and get out of this wretched man, a mere

creature under his thumb, £4000. I cannot understand how it is conceded throughout that Chapman could have committed himself to conceal this matter so long. He has been accused erroneously of issuing these warrants after he knew they were worthless. He stands acquitted of that charge, but it does not seem to have occurred to him that he had been an accessory. A party who, knowing that a felony has been committed, lies by and conceals it, does his best to keep it from the public view and to allow the culprit to escape, which Mr. Chapman clearly did—that man is an accessory after the fact, and may be indicted as such. He might have arrested Cole at the instant, but the point was that he might get out of it in the best way he could, and keep it secret. What Gordon says, and in which Mr. Chapman does not contradict him, is this:—On the 13th of October Mr. Chapman said to him, "Keep this matter between ourselves; do not let it go forth." Why so? In order that he may get out of it. Mr. Chapman did reduce the damage, but at what price? By doing that which he ought not for one moment to have thought of doing—by doing that which has placed a blot on his escutcheon which no time can remove. Are we to have one of the first merchants in the city of London—a man first in reputation—keeping a matter of this sort to himself? "The magnitude of the sum," says Mr. Chapman, "and regard for our position, compelled us to thus act," which means regard for own pockets. Mr. Chapman has, therefore, been an accessory after the fact to a most gross and wicked fraud. Under these circumstances, how can I say that these bankrupts are entitled to what they ask—certificates of conformity? I was very much surprised when I heard they were asking for their certificates. How can it be said that they have conformed to the law of bankruptcy? Formerly a bankrupt who had acted in the manner these persons have would have sought to hide his diminished head instead of applying for a certificate. The bankrupts' certificates will therefore be refused, but, upon the authority of the case of "Holthouse," and having regard to the intense punishment the bankrupts have endured, I shall recommend the assignees to consent to their having protection.

Mr. LINKLATER said the assignees did not desire to increase the sufferings of the bankrupts by a refusal of protection; on the contrary, they wished them to be protected from arrest.

The COMMISSIONER then allowed protection. His Honour observed, in conclusion, that the assignees and those who represented them had done their duty most fully and ably, and that the Court was indebted to them for the manner in which the matter had been brought forward. It appeared to him that the more these cases were investigated, the better it would be for the commercial community and the public generally.

Certificates refused accordingly, with protection.

Mr. LEWIS wished to state, in reference to some observations which he

had made on a previous day in respect to Mr. Beard, that Mr. Beard denied that he went away from his creditors, although in the year 1857 he made arrangements with his creditors; and he also denies that in obtaining the assistance of the English and foreign ministers he stated that he was acting for the creditors generally, but that he stated he was endeavouring to recover his own debt.

The bankrupts, it was intimated, intend to appeal from the judgment of this Court.

(*From the Times, January* 7, 1859.)

The judgment of Mr. Commissioner Goulburn in the case of Davidson and Gordon has during the last twenty-four hours been, no doubt, very carefully considered by the English public. "Mr. Chapman," said the Commissioner in passing judgment, "has been an accessory after the fact to a most gross and wicked fraud." To-day we print a letter received from the great house of Overend, Gurney, and Co., by which we are informed that the partners are prepared to endorse the conduct of their late partner in every particular. Their statement is, "We believe not a single step was taken throughout the affair without the concurrence of the whole firm." What can we say but that we regret to hear it? All particulars necessary for the formation of a correct judgment upon the whole case are now before the public, and we can have no wish to interfere further in the matter. Messrs. Overend and Gurney are, as it appears, dissatisfied with the manner in which the existing bankruptcy law is worked. They complain that facilities of defence were denied to Mr. Chapman, otherwise he could have explained in a satisfactory way every point which was urged against him. Now, is this so? Surely the machinery of the Bankruptcy Court is not so defective but that the presiding judge can arrive at correct conclusions. Granted that the examination of Mr. Chapman, as conducted by Messrs. Linklater and Lewis, was a severe one, but the Commissioner was fully aware of the technical disadvantages to which Mr. Chapman was exposed, and, no doubt, in delivering his judgment would take them fairly into account. It is rather too heavy a tax upon the public credulity to ask us to believe that explanations which were not forthcoming at the proper time might be now urged in a convincing manner. But, even now, are they given? All we are told is, that his former partners know that Mr. Chapman might or could offer them if he chose, and meanwhile they desire to share his responsibilities. On the one side we have this assertion of Messrs. Overend and Gurney, upon their own showing *participes facti*, on the other the judgment of the Commissioner, based upon evidence taken in open court. We cannot but think that one sentence of the Commissioner's judgment contains an answer to

the only point in the letter of this great monetary firm:—"In the course of the inquiry we have had a merchant ranking among the first in the city of London brought before the Court. This gentleman has been treated fairly—the same as any one else—but we have forced him to tell things which, as a great man, he would, I have no doubt, rather not have exposed before the public."

RE DAVIDSON AND GORDON.

To the Editor of the Times.

Sir,—As our late partner's (Mr. Chapman's) name has again been brought very injuriously before the public in connection with the above, we feel it but an act of justice to him to state that we believe not a single step was taken throughout the affair without the concurrence of the whole firm.

Had the usual facilities of defence which are allowed to the commonest *defendant* been permitted to him, he would have had no difficulty in replying to every point which has been alleged against him.

We are, sir, your obedient servants,

OVEREND, GURNEY, AND CO.

65, Lombard Street, January 5.

To the Editor of the Times.

Sir,—Although entirely separated from Davidson and Gordon since 1847, yet, as a member of the late firm of Sargant, Gordon, and Co., may I beg, through your influential medium, to correct an important error, with reference to the settlement with their creditors, into which the learned Commissioner has been led? Not one of their creditors had the slightest preference over the others, which can easily be confirmed by the highly-respectable professional firms in the City to whom the creditors had entrusted the affairs. So far from any preference being shown, one or two kindly waited some time for their dividends, which were paid by us jointly out of subsequent earnings in the two following years, to the extent of fully £2000 beyond the assets of the estate, owing to the reduced dividends paid by several of the leading East India firms indebted to ours, as well as the depreciation in produce, which causes jointly reduced the estimated outturn below the 2*s.* 6*d.* dividend agreed to, and eventually paid by the addition of the £2000 above.—I remain, sir, your obedient servant,

W. T. SARGANT.

131, Fenchurch Street, January 6.

THE END.

Thomas Harrild, Printer, Salisbury Square, Fleet Street, London.